



County of Los Angeles
CHIEF EXECUTIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

June 10, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**SEVEN-YEAR LEASE
DEPARTMENT OF PUBLIC SOCIAL SERVICES
12900 CROSSROADS PARKWAY SOUTH, CITY OF INDUSTRY
(FIRST DISTRICT) (3 VOTES)**

SUBJECT

This recommendation is for a seven-year lease for the Department of Public Social Services (DPSS) for 8,887 rentable square feet of space for Contracts Management Division, Medi-Cal Program Division, and In-Home Support Services Program (IHSS).

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the lease is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.
2. Approve and instruct the Chair to sign a seven-year lease with RR & C/WD Partnership, (Landlord) for DPSS to occupy 8,887 rentable square feet of office space at 12900 Crossroads Parkway South, City of Industry, at a maximum initial annual rental cost of \$357,202. State and Federal subvention will offset approximately 92 percent of the rental costs, and the remaining 8 percent will be net County cost.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

3. Authorize the Chief Executive Office (CEO) to reimburse the Landlord and acquire substitute financing for furniture systems for DPSS at a cost not to exceed \$222,175, amortized at a maximum of 6.5 percent over a 60-month period, or \$52,165 annually.
4. Authorize the Landlord and/or Interim Director of Internal Services Department (ISD), at the discretion of the CEO, to acquire telephone systems for DPSS at a cost not to exceed \$300,000. At the discretion of the CEO, all or part of the telephone, data, and low-voltage systems may be paid in lump sum or financed over a 60-month term not to exceed \$72,512 per year, in addition to other TI allowances.
5. Approve the project and authorize the CEO, DPSS, and ISD to implement the project. The lease will be effective upon approval by your Board, but the term and rent will commence upon completion of the Tenant Improvements (TI) by the Landlord and acceptance thereof by the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is to lease additional space which will relieve overcrowding and provide space for new staff. DPSS is housed in three buildings on the Crossroads Campus located at 12820, 12860 and 12900 Crossroads Parkway South, City of Industry that provide a total of 113,689 square feet of office space which combined constitutes DPSS' administrative headquarters. DPSS currently houses approximately 104 employees and a child care center in the existing facility located at 12900 Crossroads Parkway South. The facility houses the Contracts Management Division, Medi-Cal Program Division, and IHSS program.

The proposed 12900 Crossroads office space will be used for existing administrative and management staff currently housed in the building and will provide space for new staff. The plan is to move the Medi-Cal and IHSS Divisions into the first floor space and consolidate Contract Management into the existing second floor leased space.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we provide organizational effectiveness and ensure that the service delivery systems are efficient and goal orientated (Goal 3) and that we strengthen the County's fiscal capacity (Goal 4). In this case, the additional space or new lease supports these goals with a strategically located office with appropriate workspace for staff. In addition, we are housing a sub-vented program which will support the County's fiscal goals. Compliance with the County's Strategic Asset Management Principles is further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The maximum initial annual rental cost will be \$357,202 if all of the reimbursable TI funds are used.

12900 CROSSROADS PARKWAY SOUTH, CITY OF INDUSTRY	PROPOSED LEASE
Term	7 Years
Total Area	8,887 rentable square feet (sq. ft.)
Annual Base Rent	\$216,487 (\$24.36 per sq. ft.)
Base TI Allowance	\$311,045 (\$35.00 per sq. ft.)
Additional TI Allowance	\$355,480 (\$40.00 per sq. ft.)
Furniture Allowance	\$222,175 (\$25.00 per sq. ft.)
Maximum Annual Rent*	\$357,202
Cancellation	One time right after 5 th year with six months prior written notice
Parking (included in Rent)	35 spaces
Option to Renew	None
Annual Rental Adjustment	CPI with a minimum of 2.5 percent to a maximum of 5 percent throughout the term.

* \$357,202 represents the maximum initial annual cost which includes an annual base rent of \$216,487, reimbursable TI funds of \$355,480, if amortized over 60 months at the proposed rate of 9 percent, the annual TI reimbursement amount will be \$88,550 and a furniture allowance of \$222,175 amortized over 60 months at the proposed rate of 6.5 percent, the annual furniture reimbursement amount will be \$52,165.

Sufficient funding for the proposed lease costs will be available in the proposed 2008-09 Rent Expense budget and will be billed back to DPSS. DPSS will have sufficient funds in its 2008-09 operating budget to cover the projected lease costs. State and Federal subvention will be used to fund 92 percent of the rental costs, and the remaining 8 percent will be net County cost.

Based upon a survey of similar office buildings within the City of Industry area, staff has determined that the rental range for a full service gross lease is between \$26.20 and \$36.00 per square foot per year. Thus, the proposed base annual rental rate of \$24.36 per square foot is at the low end range for the area.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed seven-year lease agreement comprises 8,887 square feet of office space, along with 35 parking spaces. The proposed lease contains the following provisions:

- The term commences upon completion of the TI by the Landlord, and acceptance thereof by the County. The term expires seven years thereafter.

- A base TI allowance of \$311,045 is included in the rent.
- A reimbursable TI allowance totaling \$355,480 is included in the proposed lease and it is payable after substantial completion of the TI work, via monthly amortization payments at an amortization rate of 9 percent over the initial 60 months of the term of the lease or via lump sum payment payable at anytime.
- A reimbursable Furniture allowance totaling \$222,175 is included in the proposed lease and it is payable in lump sum after substantial completion of the TI work.
- There is a cancellation provision allowing the County to cancel one time after the fifth year upon six months advance notice to the Landlord.
- The rent includes on-site parking for 35 vehicles.
- This is a full service gross lease whereby the Landlord is responsible for all operating expenses associated with DPSS' occupancy.
- The Base Rent is subject to annual increases of a minimum of 2.5 percent to a maximum of 5 percent throughout the term.

CEO Real Estate staff surveyed the City of Industry area, based on the search area parameters provided by DPSS, to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed areas that could accommodate this requirement more economically. Attachment B shows all County-owned and leased facilities within the search areas for these programs. There are no County-owned or leased facilities available for this program.

This space requirement was approved for 7,052 square feet in July 2007. When the subject building was initially identified as available for expansion, the Landlord stated that it was impossible to divide the space below the remaining 8,887 square feet of space within the building. Thus, the CEO and DPSS staff considers the proposed lease to be the best solution based on costs associated with locating to another site and the efficiency of expanding into the building's remaining available space, although, it exceeds the approved request by 1,835 rentable square feet of office space.

The subject building was constructed in 1986 and was previously approved for occupancy by the Department of Public Works.

The subject facility has an on-site child care facility.

ENVIRONMENTAL DOCUMENTATION

The project is categorically exempt from CEQA pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15601 (b) (3) of the State CEQA Guidelines.


IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease will provide the necessary office space for this County requirement. DPSS concurs with the proposed lease.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed lease agreement and the adopted, stamped Board letter, and two certified copies of the Minute Order to the CEO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:DL:JSE
CEM:KW:hd

Attachments (3)

c: County Counsel
Department of Public Social Services
Internal Services Department

DEPARTMENT OF PUBLIC SOCIAL SERVICES
12900 CROSSROADS PARKWAY SOUTH, CITY OF INDUSTRY
 Asset Management Principles Compliance Form¹

1.	Occupancy	Yes	No	N/A
A	Does lease consolidate administrative functions? ²	X		
B	Does lease co-locate with other functions to better serve clients? ²	X		
C	Does this lease centralize business support functions? ²			X
D	Does this lease meet the guideline of 200 sf of space per person? ² Lease represents 193 sf per person.	X		
2.	Capital			
A	Is it a substantial net County cost (NCC) program? 8 percent NCC		X	
B	Is this a long term County program?	X		
C	If yes to 2 A or B; is it a capital lease or operating lease with option to buy?		X	
D	If no, are there any suitable County-owned facilities available?		X	
E	If yes, why is lease being recommended over occupancy in County-owned ?			X
F	Is Building Description Report attached as Attachment B?	X		
G	Was build-to-suit or capital project considered? Because a build-to-suit is not cost effective for 8,887 square feet and we are expanding in an existing leased facility.		X	
3.	Portfolio Management			
A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
B	Was the space need justified?	X		
C	If a renewal, was co-location with other County departments considered ?			X
D	Why was this program not co-located?			
	1. The program clientele requires a "stand alone" facility.			
	2. No suitable County occupied properties in project area.			
	3. No County-owned facilities available for the project.			
	4. Could not get City clearance or approval.			
	5. X The Program is being co-located.			
E	Is lease a full service lease? ²	X		
F	Has growth projection been considered in space request?	X		
G	Has the Dept. of Public Works completed seismic review/approval?	X		
	¹ As approved by the Board of Supervisors 11/17/98			
	² If not, why not?	Please bold any written responses		

Attachment B

**DEPARTMENT OF PUBLIC SOCIAL SERVICES
SPACE SEARCH WITHIN 5 MILE RADIUS OF
12900 CROSSROADS PARKWAY SOUTH, CITY OF INDUSTRY**

LACO	FACILITY NAME	ADDRESS	SQUARE GROSS	FEET NET	OWNERSHIP	SQUARE FEET
A253	SHERIFF-SAN GABRIEL VALLEY VEHICLE THEFT PRGM	4200 SHIRLEY AVE, EL MONTE 91731	3081	2619	PERMIT	NONE
X248	FIRE-SAN GABRIEL VALLEY HAZ-MAT FIELD OFFICE	5110 N PECK RD, EL MONTE 91732	1298	1103	PERMIT	NONE
Y195	PUBLIC LIBRARY-NORWOOD LIBRARY	4550 N PECK RD, EL MONTE 91732	10303	8610	OWNED	NONE
0229	AG COMM/WIS & MEAS HQ/ PROBATION SPECIAL SVCS	12300 LOWER AZUSA RD, ARCADIA 91706	35878	32290	OWNED	NONE
6144	MACLAREN CHILDRENS CTR-ADMIN BLDG/ WINGS A-E	4024 N DUFFEE AVE, EL MONTE 91732	71733	39555	OWNED	NONE
6145	MACLAREN CHILDRENS CENTER-CAFETERIA (CLOSED)	4024 N DUFFEE AVE, EL MONTE 91732	10212	5546	OWNED	5546
6147	MACLAREN CHILD CTR-RESIDENCE COTTAGE F(CLOSED)	4024 N DUFFEE AVE, EL MONTE 91732	3588	1943	OWNED	1943
6148	MACLAREN CHILD CTR-RESIDENCE COTTAGE G(CLOSED)	4024 N DUFFEE AVE, EL MONTE 91732	3588	1943	OWNED	1943
6149	MACLAREN CHILD CTR-RESIDENCE COTTAGE H(CLOSED)	4024 N DUFFEE AVE, EL MONTE 91732	3588	1943	OWNED	1943
6150	MACLAREN CHILD CTR-RESIDENCE COTTAGE I(CLOSED)	4024 N DUFFEE AVE, EL MONTE 91732	3588	1943	OWNED	1943
6151	MACLAREN CHILD CTR-RESIDENCE COTTAGE J(CLOSED)	4024 N DUFFEE AVE, EL MONTE 91732	3588	1943	OWNED	1943
6152	MACLAREN CHILD CTR-RESIDENCE COTTAGE K(CLOSED)	4024 N DUFFEE AVE, EL MONTE 91732	3588	1943	OWNED	1943
T680	MACLAREN CHILDRENS CTR-R.U.M. TRAILER	4024 N DUFFEE AVE, EL MONTE 91732	3600	3240	OWNED	NONE
Y557	MACLAREN CHILD CTR-TRI-CITIES TRAILER (CLOSED)	4024 N DUFFEE AVE, EL MONTE 91732	2060	1563	OWNED	1563
A527	PH-ENVIRONMENTAL HEALTH HEADQUARTERS	5050 COMMERCE DR, BALDWIN PARK 91706	77700	66045	LEASED	NONE
5497	PUBLIC LIBRARY-BALDWIN PARK LIBRARY	4181 BALDWIN PARK BLVD, BALDWIN PARK 91706	15555	13162	OWNED	NONE
Y423	PW OPSV-TRAFFIC SIGNAL/SIGN PAINTING OFFICE	14514 E CENTRAL AVE, BALDWIN PARK 91706	915	835	OWNED	NONE
A304	SHERIFF-VEHICLE THEFT PROGRAM HEADQUARTERS	9040 TELSTAR AVE, EL MONTE 91731	5320	5054	LEASED	NONE
A497	DPSS-SAN GABRIEL VALLEY GAIN PROGRAM REG III	3216 ROSEMEAD BLVD, EL MONTE 91731	83672	79488	LEASED	NONE
A387	DPSS-GAIN PROGRAM HEADQUARTERS/DA-CLAIMS UNIT	3220 ROSEMEAD BLVD, EL MONTE 91731	26335	25313	LEASED	NONE
A470	DIST ATTY-VICTIM-WITNESS ASSISTANCE PROGRAM	3204 ROSEMEAD BLVD, EL MONTE 91731	6405	5868	LEASED	NONE
A522	PH/DPSS/DCFS-TELSTAR EL MONTE COUNTY CENTER	9320 TELSTAR AVE, EL MONTE 91731	163000	146700	LEASED	NONE
A493	SAN GABRIEL VALLEY FAMILY SERVICE CENTER I	3350 AEROJET AVE, EL MONTE 91731	120000	108000	LEASED	NONE
A554	SAN GABRIEL VALLEY FAMILY SERVICE CENTER II	3400 AEROJET AVE, EL MONTE 91731	131806	120000	LEASED	NONE
Y212	PUBLIC LIBRARY-SOUTH EL MONTE LIBRARY	1430 N CENTRAL AVE, SOUTH EL MONTE 91733	6416	5408	OWNED	NONE
D930	NEW SAN GABRIEL VALLEY SERVICE CENTER	1441 SANTA ANITA AVE, SOUTH EL MONTE 91733	17650	12701	OWNED	NONE
5229	WHITTIER NARROWS-DIRECTORS OFFICE	1601 ROSEMEAD BOULEVARD RD, SOUTH EL MONTE 91733	942	408	GRATIS GROUND LEASE	NONE
Y246	PUBLIC LIBRARY-EL MONTE LIBRARY	3224 N TYLER AVE, EL MONTE 91731	11906	10153	OWNED	NONE
B119	ASSESSOR-EAST DISTRICT OFFICE	1190 DUFFEE AVE, SOUTH EL MONTE 91733	38000	34200	LEASED	NONE
6064	EL MONTE COURTHOUSE	11234 E VALLEY BLVD, EL MONTE 91731	136512	64786	OWNED	NONE
A130	DPSS-ADMINISTRATIVE HEADQUARTERS	12860 CROSSROADS PKWY SO, CITY OF INDUSTRY 91745	55000	41943	LEASED	NONE
A507	DPSS-ADMINISTRATIVE HEADQUARTERS WEST ANNEX	12820 CROSSROADS PKWY SO, CITY OF INDUSTRY 91745	33331	28331	LEASED	NONE
B002	DPSS-ADMINISTRATIVE HEADQUARTERS EAST ANNEX	12900 CROSSROADS PKWY SO, CITY OF INDUSTRY 91745	25358	22977	LEASED	NONE
4533	EAST SERVICES AGENCY-OFFICE BUILDING	265 CLOVERLEAF DR, BALDWIN PARK 91706	1440	1055	OWNED	NONE
A315	SHERIFF-BASSETT STOREFRONT SUB STATION	13308 1/2 E VALLEY BLVD, LA PUENTE 91746	522	522	LEASED	NONE
Y249	PUBLIC LIBRARY-SUNKIST LIBRARY	840 N PUENTE AVE, LA PUENTE 91746	8314	6957	OWNED	NONE
0080	PW ROAD-DIV #416 MAINTENANCE YARD OFFICE	14959 E PROCTOR AVE, CITY OF INDUSTRY 91746	660	594	OWNED	NONE
5499	DHS-LA PUENTE HEALTH CENTER	15930 E CENTRAL AVE, LA PUENTE 91744	10733	6049	OWNED	NONE
5480	PUBLIC LIBRARY-LA PUENTE LIBRARY	15920 E CENTRAL AVE, LA PUENTE 91744	10572	8439	OWNED	NONE
A575	FIRE - FIRE PREVENTION BUREAU	15660 E STAFFORD ST, CITY OF INDUSTRY 91745	4500	4275	LEASED	NONE
B011	ALT PUB DEF-WEST COVINA OFFICE	1501 W CAMERON AVE, WEST COVINA 91790	607	607	LEASED	NONE
0032	PW ROAD-DIV #146/446 YARD OFFICE	9521 E BEVERLY BLVD, PICO RIVERA 90660	660	594	OWNED	NONE
4348	PW ROAD-DIV #146/446 MAINTENANCE YARD OFFICE	9521 E BEVERLY BLVD, PICO RIVERA 90660	1080	708	OWNED	NONE
F492	PW FLOOD-SAN GABRIEL SPREADING GROUNDS OFFICE	9618 E WHITTIER BLVD, PICO RIVERA 90660	735	662	OWNED	NONE
3724	PUBLIC LIBRARY-SORENSEN LIBRARY	11405 ROSEHEDGE DR, WHITTIER 90606	1048	913	OWNED	NONE
3331	WHITTIER COURTHOUSE (CIVIC CENTR BLDGS A & B)	7339 S PAINTER AVE, WHITTIER 90602	91402	48189	OWNED	NONE
4216	PH-WHITTIER PUBLIC HEALTH CENTER	7643 S PAINTER AVE, WHITTIER 90602	17552	7409	OWNED	NONE
X022	PROBATION-INTERNAL AUDITS OFFICE	7639 S PAINTER AVE, WHITTIER 90602	2694	1870	OWNED	NONE
5952	PUBLIC LIBRARY-HACIENDA HEIGHTS LIBRARY	16010 E LA MONDE ST, HACIENDA HEIGHTS 91745	10223	8367	OWNED	NONE
4272	PW-CITY OF INDUSTRY/LA PUENTE DISTRICT OFFICE	16005 E CENTRAL AVE, LA PUENTE 91744	3283	1911	OWNED	NONE
AL71	DPSS-MEDI-CAL CENTRAL OFFICE	17171 E GALE AVE, CITY OF INDUSTRY 91745	36000	28927	LEASED	NONE

**COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AGREEMENT**

by and between

**COUNTY OF LOS ANGELES
(Department: Public Social Services),**

Tenant

RR&C/WD GENERAL PARTNERSHIP,

Landlord

Premises

**12900 CROSSROADS PARKWAY
CITY OF INDUSTRY**

76594

TABLE OF CONTENTS

	<u>Page</u>
1. BASIC LEASE INFORMATION	1
(a) Landlord's Address for Notice	1
(b) Tenant's Address for Notice	1
(c) Premises	1
(d) Building	1
(e) Property	1
(f) Term	2
(g) Projected Acceptance Date	2
(h) Commencement Date	2
(i) Irrevocable Offer Expiration Date	2
(j) Rent	2
(k) Early Termination Notice Date	2
(l) Rentable Square Feet in the Building	2
(m) Proportionate Share	3
(n) Use	3
(o) Parking Spaces	3
(p) Normal Working Hours	3
(q) Asbestos Report	3
(r) Defined Terms Relating to Work Letter	3
(s) Exhibits to Lease:	4
(t) Work Letter:	4
(u) Supplemental Lease Documents	4
2. PREMISES	4
(a) Lease	4
(b) Right to Verify Floor Area	4
3. COMMON AREAS	5
4. COMMENCEMENT AND EXPIRATION DATES	5
(a) Term	5
(b) Termination Right	6
(c) Early Possession	6
(d) Early Termination	6
5. RENT	6
(a) Base Rent	6
(b) Operating Expenses Rent	6
(c) Additional Tenant Improvement Allowance Rent	6
(d) Reimbursement of Furniture Allowance and Change Order Costs	6

6.	USES	6
7.	HOLDOVER.	7
8.	COMPLIANCE WITH LAW	7
9.	DAMAGE OR DESTRUCTION	7
	(a) Damage	7
	(b) Tenant Termination Right	7
	(c) Damage In Last Year	8
	(d) Default By Landlord	8
10.	REPAIRS AND MAINTENANCE	8
	(a) Landlord Representations	8
	(b) Landlord Obligations	8
	(c) Tenant's Right to Repair	9
11.	SERVICES AND UTILITIES	9
	(a) HVAC	10
	(b) Electricity	10
12.	LANDLORD ACCESS	10
13.	TENANT DEFAULT	10
	(a) Default	10
	(b) Termination	11
	(c) No Effect on Indemnity	11
14.	LANDLORD DEFAULT	11
	(a) Remedies	11
	(b) Waiver	11
	(c) Emergency	11
15.	ASSIGNMENT AND SUBLETTING	11
16.	ALTERATIONS AND ADDITIONS	12
	(a) Landlord Consent	12
	(b) End of Term	12
17.	CONDEMNATION	12
	(a) Controlling Terms	12
	(b) Total Taking	12
	(c) Partial Taking	12
	(d) Restoration	12
	(e) Award	13
	(f) Waiver of Statute	13

18.	INDEMNIFICATION	13
(a)	Tenant's Indemnity	13
(b)	Landlord's Indemnity	13
19.	INSURANCE	13
(a)	Landlord's Insurance	13
(b)	Insurance Requirements	14
(c)	Certificates	14
(d)	Waiver of Subrogation	14
20.	PARKING	14
(a)	Tenant's Rights	14
(b)	Remedies	14
21.	ENVIRONMENTAL MATTERS	15
(a)	Hazardous Materials	15
(b)	Mutual Indemnity	15
22.	ESTOPPEL CERTIFICATES	16
(a)	Execution and Delivery	16
(b)	Failure to Deliver	16
23.	LIENS	16
24.	SUBORDINATION AND MORTGAGES	17
(a)	Subordination, Non-Disturbance and Attornment	17
(b)	Notice of Default	17
25.	SURRENDER OF POSSESSION	17
26.	SIGNAGE	17
27.	Quiet Enjoyment	17
28.	GENERAL	17
(a)	Headings	17
(b)	Successors and Assigns	17
(c)	Brokers	18
(d)	Entire Agreement	18
(e)	Severability	18
(f)	Notices	18
(g)	Governing Law and Forum	18
(h)	Waivers	18
(i)	Time of Essence	18
(j)	Consent	19
(k)	Community Business Enterprise Firm	19

29.	AUTHORITY	19
30.	ACKNOWLEDGEMENT BY LANDLORD	19
	(a) Consideration of GAIN Program Participants	19
	(b) Solicitation of Consideration	19
	(c) Landlord Assignment.	20
31.	IRREVOCABLE OFFER.....	21
32.	BASE RENT ADJUSTMENT	21
	(a) Annual Adjustment.....	21
	(b) CPI Formula	21
33.	OPERATING EXPENSES RENT AND ADJUSTMENT	22
	(a) Operating Expenses	22
	(b) Exclusions from Operating Expenses.....	23
34.	WORK LETTER.....	25
	Addendum A Base Building Improvements	
	Addendum B Tenant Improvements	
	Addendum C Budget Form	

<u>EXHIBIT A:</u>	Floor Plan of Premises
<u>EXHIBIT B:</u>	Legal Description of Property
<u>EXHIBIT C:</u>	Commencement Date Memorandum and Confirmation of Lease Terms
<u>EXHIBIT D:</u>	HVAC Standards
<u>EXHIBIT E:</u>	Cleaning and Maintenance Schedule
<u>EXHIBIT F:</u>	Landlord's Waiver and Agreement

<u>Document I:</u>	Subordination, Nondisturbance and Attornment Agreement
<u>Document II:</u>	Tenant Estoppel Certificate
<u>Document III:</u>	Community Business Enterprises Form
<u>Document IV:</u>	Memorandum of Lease
<u>Document V:</u>	Request for Notice

COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AGREEMENT

THIS LEASE AGREEMENT ("**Lease**") is made and entered into in duplicate original as of JUNE 10, 2008, by and between RR&C/WD GENERAL PARTNERSHIP, a California partnership ("Landlord"), and COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant" or "County"). This Lease consists of the following Sections 1 through 34, Exhibits A through F, Work Letter Addendums A through C, and Supplemental Lease Documents I through V, as attached and incorporated herein.

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION. The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease:

- | | | |
|-----|--------------------------------------|--|
| (a) | <u>Landlord's Address for Notice</u> | RR&C/WD GENERAL PARTNERSHIP
c/o Majestic Realty Co.
13191 Crossroads Parkway North, 6 th Floor
City of Industry, CA 91746-3497 |
| (b) | <u>Tenant's Address for Notice</u> | Board of Supervisors
Kenneth Hahn Hall of Administration,
Room 383
500 West Temple Street
Los Angeles, California 90012 |
| | | With a copy to:
Chief Executive Office
Real Estate Division
222 South Hill Street, 3 rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: (213) 217-4971 |
| (c) | <u>Premises</u> | Approximately 8,887 rentable square feet in the Building as shown on <u>Exhibit A</u> attached hereto. |
| (d) | <u>Building</u> | The building located at 12900 Crossroads Parkway South, City of Industry, which is located upon the Property; |
| (e) | <u>Property</u> | That certain real property described in <u>Exhibit B</u> |

76594

	(f) <u>Term</u>	Seven (7) years commencing thirty (30) days after Tenant's Acceptance of the Premises as defined in Section 4(a) (the "Commencement Date"); and terminating at midnight on the day before the eighth (8 th) anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which an option has been validly exercised. See Section 4(a).
	(g) <u>Projected Acceptance Date</u>	The later to occur of (i) one hundred fifty (150) days after approval of this Lease by Tenant's Board of Supervisors or (ii) thirty (30) days after delivery to Landlord of Tenant's modular furniture for the Premises
	(h) <u>Commencement Date</u>	Thirty (30) days after Tenant's Acceptance of Premises (see Section 4(a))
<u>Date</u>	(i) <u>Irrevocable Offer Expiration</u>	May 31, 2008
	(j) <u>Rent</u>	<p>Initial Total Rent is \$2.03 per rentable square foot of the Premises, composed of Base Rent and Operating Expenses as follows:</p> <p>Base Rent: \$1.11 per rentable square foot of the Premises (adjusted as Sections 2(b) and 32 hereof provide)</p> <p>Operating Expenses Rent: estimated as \$0.92 per rentable square foot of the Premises for the first calendar year of the Term (adjusted as Sections 2(b) and 33 hereof provide)</p> <p>Any other amounts Tenant is obligated to pay Landlord under the terms of this Lease</p>
	(k) <u>Early Termination Notice Date</u>	The day immediately preceding the fifth (5 th) anniversary of the Commencement Date (see Section 4(d))
	(l) <u>Rentable Square Feet in the</u>	34,245

Building

- | | | |
|-------|--|--|
| (m) | <u>Proportionate Share</u> | 25.95% (see Section 33) |
| (n) | <u>Use</u> | General office use or for any other lawful purposes not incompatible with other uses in the Building. |
| (o) | <u>Parking Spaces</u> | 35 |
| (p) | <u>Normal Working Hours</u> | 7:00 a.m. to 6:00 p.m., Monday through Friday, except New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized by the County of Los Angeles, California. |
| (q) | <u>Asbestos Report</u> | Inspection Report for Asbestos-Containing Materials, dated December 20, 2007, prepared by SCS Engineers, California licensed asbestos contractor, regarding the Building |
| (r) | <u>Defined Terms Relating to Work Letter</u> | |
| (i) | Base Tenant Improvement Allowance | \$35.00 per rentable square foot of Premises |
| (ii) | Additional Tenant Improvement Allowance | \$40.00 per rentable square foot of Premises |
| (iii) | Maximum Change Order Allowance | None |
| (iv) | Furniture Allowance | Not to exceed \$25.00 per rentable square foot of Premises |
| (v) | Additional Tenant Improvement Amortization Rate: | 9% per annum |
| (vi) | Tenant's Work Letter Representative | Thomas Shepos or a designated staff Representative from the Chief Executive Office – Real Estate Division |
| (vii) | Landlord's Work Letter Representative | Charlie Bender |

(viii) Landlord's Address for Work Letter Notice 13191 Crossroads Parkway North, 6th Floor
City of Industry, CA 91746-3497

(ix) Tenant's Address for Work Letter Notice Board of Supervisors
Kenneth Hahn Hall of Administration,
500 West Temple Street, Room 383
Los Angeles, California 90012

With a copy to:
Chief Executive Office, Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

(s) Exhibits to Lease:

Exhibit A: Floor Plan of Premises
Exhibit B: Legal Description of Property
Exhibit C: Commencement Date
Memorandum and Confirmation
of Lease Terms
Exhibit D: HVAC Standards
Exhibit E: Cleaning and Maintenance
Schedule
Exhibit F: Landlord's Waiver and
Agreement

(t) Work Letter:

See Section 34
Addendum A: Base Building Improvements
Addendum B: Tenant Improvements
Addendum C: Budget Form

(u) Supplemental Lease

Documents: attached and incorporated herein

Document I: Subordination, Non-
disturbance and Attornment Agreement
Document II: Tenant Estoppel Certificate
Document III: Community Business
Enterprises Form
Document IV: Memorandum of Lease
Document V: Request for Notice

2. PREMISES

(a) Lease. Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto.

(b) Right to Verify Floor Area. Tenant shall have the right within ninety (90) days of approval of this Lease by the Board of Supervisors of the County of Los Angeles ("**Board of Supervisors**") to field-measure and verify the exact footage of the Premises and/or the Building.

All measurements shall be taken in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association International except that no penthouse mechanical room space shall be included in the measurement. Should this measurement be less than the square footage stated above, Tenant shall have the right to adjust such square footage and reduce the Base Rent in Section 1 accomplished by the mutual execution of a memorandum of understanding between the Landlord and the Tenant. Landlord acknowledges the space has been marketed at the above-indicated rental amount and in the event of subsequent physical measurements, Landlord agrees there will be no adjustment made to either the square footage or the Base Rent in the event the measured square footage exceeds the amount represented by Landlord. Should Landlord and Tenant not agree with respect to the results of the measurement conducted pursuant to this subsection 2(b) Landlord shall appoint an independent firm or person who is experienced in making such measurements whose determination with respect which measurement is correct shall be final and binding upon the parties. Landlord and Tenant shall share equally in the fees of such firm.

3. COMMON AREAS. Tenant may use the following areas ("**Common Areas**") in common with Landlord and other tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Areas established by Landlord.

4. COMMENCEMENT AND EXPIRATION DATES

(a) Term. The term of this Lease ("**Term**") shall commence upon the Commencement Date and terminate on the Termination Date. The Commencement Date shall occur thirty (30) days after Tenant's Acceptance of the Premises. Within thirty (30) days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as Exhibit C.

The term "**Tenant's Acceptance of the Premises**" as used in this Lease shall mean the date upon which the Premises are Substantially Complete, Tenant has inspected the Premises on two (2) days' written notice from Landlord, and Tenant has accepted the Premises.

The term "Substantially Complete" or "**Substantial Completion**" as used in this Lease shall mean compliance with all of the following: (1) the shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the building systems are operational to the extent necessary to service the Premises; (2) Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease, including the installation of modular furniture systems, if so required (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises; (3) Landlord has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent; (4) Tenant has been provided with the number of

parking privileges and spaces to which it is entitled under this Lease; and (5) if Landlord is responsible for the installation of telecommunication systems, then such systems shall be completely operational.

(b) Termination Right. If the Commencement Date has not occurred within sixty (60) days from the Projected Acceptance Date, subject to Tenant Delays or Force Majeure Delays as provided in Work Letter Section 13, which has been executed concurrently herewith, Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective upon giving thirty (30) days' written notice to Landlord unless Landlord causes Substantial Completion to occur within said 30-day period, and the parties shall have no further obligations to one another hereunder if such termination become effective.

(c) Early Possession. Tenant shall be entitled to possession of the Premises not less than thirty (30) days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Such early occupancy shall be subject to all provisions hereof but shall not advance the Termination Date, and Tenant shall not pay Base Rent or Operating Expenses Rent for such early occupancy period.

(d) Early Termination. Tenant shall have a one-time right to terminate this Lease as of the Early Termination Notice Date, as defined in Section 1(k), by giving Landlord not less than one hundred eighty (180) days' prior written notice executed by the Chief Executive Officer of Tenant.

5. RENT

(a) Base Rent. Subject to adjustment in accordance with Section 32, Tenant shall pay Landlord the Base Rent stated in Section 1(j) during the Term hereof within fifteen (15) days after Landlord files a claim therefor for each such month with the Auditor of the County of Los Angeles (the "County") prior to the first day of each month. Base Rent for any partial month shall be prorated in proportion to the number of days in such month.

(b) Operating Expenses Rent. Concurrently with, and in the same manner as, Base Rent, Tenant shall pay "**Operating Expenses Rent**" equal to Tenant's Proportionate Share of Operating Expenses, calculated in accordance with Section 33.

(c) Additional Tenant Improvement Allowance Rent. Unless Tenant elects to repay the Additional Tenant Allowance of \$40.00 per square foot of rentable floor area in a lump sum, Tenant shall pay, as additional Rent, the Additional Tenant Allowance concurrently with, and in the same manner as, Base Rent in accordance Work Letter Section 6.3(b).

(d) Reimbursement of Furniture Allowance and Change Order Costs. Tenant shall repay Landlord, in a lump sum, the Furniture Allowance and costs of all approved Change Orders, in accordance with Work Letter Sections 6.3(c) and 6.3(d).

6. USES. The Premises are to be used only for the uses set forth in Section 1(n) and for no other business or purpose; however, Landlord shall not unreasonably withhold its consent to a change of use.

7. HOLDOVER. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall be a tenancy which is terminable only upon ninety (90) days written notice from Landlord or thirty (30) days written notice from the Chief Executive Officer of Tenant at the last monthly Base Rent payable under this Lease (as such Base Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

8. COMPLIANCE WITH LAW. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof, regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation, the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.

9. DAMAGE OR DESTRUCTION.

(a) Damage. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days after Landlord's receipt of insurance proceeds covering the costs of restoration and building permits, then Landlord shall promptly repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within ten (10) days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. The failure to do so shall be a material Default hereunder. Base Rent and Operating Expenses Rent shall abate to the extent that the Premises are unusable by Tenant. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

(b) Tenant Termination Right. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored, for any reason, to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days after Landlord's receipt of insurance proceeds covering the costs of restoration and building permits, then either Landlord or Tenant may terminate this Lease by giving written notice within ten (10) days after notice from Landlord specifying such time period of repair; and this Lease shall terminate and the Base Rent and Operating Expenses Rent shall be abated from the date the Premises became untenable. In the event that neither party elects to terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion

the repairs to the Building or Premises, provided insurance proceeds are available to repair the damages.

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than thirty (30) days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is thirty (30) days after such written notice of termination..

(d) Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Section 9 and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant may (a) declare a default hereunder or (b) perform or cause to be performed the restoration work at Landlord's expense.

10. REPAIRS AND MAINTENANCE.

(a) Landlord Representations. To its best knowledge without duty of investigation or research, Landlord represents to Tenant that (i) the Premises, the Building and all Common Areas (including electrical, heating, ventilating and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including the Americans With Disabilities Act; and are in reasonable good working order and condition; (ii) the Building and Premises comply with all covenants, conditions, restrictions and underwriter's requirements; (iii) the Premises, Building and Common Areas are free of the presence of any Hazardous Materials (as hereinafter defined) and (iv) Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation. Landlord represents, based upon a professional inspection of the Premises and the Building and the Asbestos Report that the Premises and the Building contain no asbestos containing materials (other than as may be reflected in the Asbestos Report). Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos containing materials to the extent required by law and provide Tenant with an updated report from a licensed California asbestos contractor to that effect.

(b) Landlord Obligations. Subject to Tenant's payment of Operating Expenses Rent, Landlord shall repair and maintain the Premises in good condition and working order, reasonable wear and tear excepted, including promptly repairing and maintaining the following as needed:

(i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, and concealed electrical systems, including without limitation telephone intra-building network cable from the public street to the Building's dedicated electrical room;

(ii) mechanical (including HVAC), electrical, plumbing, fire/life safety systems and elevators serving the Building;

(iii) the Common Areas;

(iv) exterior windows and exterior signage of the Building;

(v) suite and Building doors, interior partitions and the interior side of demising walls, which Landlord shall repaint as needed but not more often than once every five (5) years, provided at least five (5) years remain in the Term when the painting is requested.

Without limiting the foregoing, at its sole cost, Tenant shall keep the Premises neat and clean and shall be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and repairing low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall: (a) be made and performed by contractors or mechanics approved by Tenant, which consent shall not be unreasonably withheld or delayed, (b) be at least equal in quality, value and utility to the original work or installation, (c) be in accordance with all laws.

(c) Tenant's Right to Repair. If Landlord fails to undertake and complete repairs and/or maintenance this Lease requires of Landlord —

(i) on thirty (30) days' prior written notice from Tenant, or such longer period if Landlord promptly begins and diligently completes repairs requiring more than thirty (30) days to complete, or

(ii) on shorter, reasonable advance oral or written notice if emergency repairs are needed to avoid imminent loss of life or property or the complete disruption of Tenant's business —

then Tenant, on five (5) business days' additional written notice to Landlord, may perform such repairs and/or maintenance; provided, however, that if such work will affect the Building's life safety systems, heating, ventilation and air conditioning, or elevators, Tenant shall use only those contractors Landlord has approved or who are authorized to perform such repair and/or maintenance work without voiding any equipment warranties.

If Tenant desires Landlord to reimburse Tenant for its out-of-pocket costs incurred in performing such repair and/or maintenance required of Landlord, Tenant shall provide Landlord with an invoice, including a reasonably particularized breakdown and explanation, of such costs. If Landlord does not object to Tenant in writing within five (5) business days after receiving Tenant's invoice and explanation, Landlord shall pay such invoiced costs promptly or Tenant may deduct such costs from any Rent next due. If, however, Landlord does timely object to such invoice, setting forth with reasonable particularity the reasons Landlord contends the Lease does not require such repairs and/or maintenance of Landlord, then Tenant shall not be entitled to such deduction from Rent but may claim a Landlord Default under the Lease. If Tenant claims Landlord has so defaulted, at Landlord's or Tenant's election, the parties shall resolve their dispute over responsibility for such costs through binding arbitration mutually acceptable to the parties.

11. SERVICES AND UTILITIES. Landlord shall furnish the following services and utilities to the Premises:

(a) HVAC. Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Normal Working Hours in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to other first-class buildings.

(b) Electricity. Landlord shall furnish to the Premises the amount of electric current provided for in the Working Drawings but in any event not less than seven (7) watts of electric current (connected load) per square foot of Rentable Square Feet in the Premises, for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or subpanels on each floor of the Premises necessary for Tenant to utilize such capacity in the Premises.

(c) Elevators. Landlord shall furnish passenger elevator services to the Premises during Normal Working Hours. During all other hours, Landlord shall furnish passenger elevator cab service in the elevator bank serving the Premises on an as needed basis, and, by prior arrangement with Landlord's building manager, freight elevator service.

(d) Water. Landlord shall make available water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

(e) Janitorial. Landlord shall provide janitorial service on five (5) nights per week generally consistent with that furnished in comparable office buildings in the County of Los Angeles, but not less than the services set forth in the specifications set forth in Exhibit E attached hereto.

(f) Access. Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven (7) day per week, twenty-four (24) hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building.

12. LANDLORD ACCESS. Tenant shall permit Landlord and its agents to enter the Premises upon prior written notice for the purpose of inspecting the Premises for any reasonable purpose. If Landlord temporarily closes any portion of the Building or Premises, Base Rent and Operating Expenses Rent shall be prorated based upon the percentage of the Premises rendered untenable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency.

13. TENANT DEFAULT.

(a) Default. The occurrence of any one or more of the following events (a "Default") shall constitute a material default and breach of this Lease by Tenant:

(i) the failure by Tenant to make any payment of Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder), as and when due and if the failure continues for a period of ten (10) days after written notice to Tenant;

(ii) the failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of thirty

(30) days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than thirty (30) days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(b) Termination. Tenant agrees that if a Default should occur and should not be cured within the time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law.

(c) No Effect on Indemnity. Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

14. LANDLORD DEFAULT.

(a) Remedies. In addition to the provisions for Landlord's default provided by Sections 9(d), 10(c), 19(a)(iii) and 20(b), Landlord shall be in default in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within five (5) days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10(c)) ; provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such thirty (30) day period, Landlord shall not be deemed to be in default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the default by Landlord ("**Landlord Default**") is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises, and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein: (i) to pursue the remedy of specific performance; or (ii) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease.

(b) Waiver. Nothing herein contained shall relieve Landlord from its duty to effect the repair, replacement, correction or maintenance required to restore any affected services, or to perform any other obligations to the standard prescribed in this Lease, nor shall this Section 14 be construed to obligate Tenant to undertake any such work.

(c) Emergency. Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the operation of Tenant's business in the Premises.

15. ASSIGNMENT AND SUBLETTING. Tenant may assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises without first obtaining Landlord's prior consent: provided, however, no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its

written consent thereto, which Landlord shall not unreasonably withhold if the assignee has a financial condition which is reasonably sufficient for it to be responsible for all future obligations under this Lease.

16. ALTERATIONS AND ADDITIONS.

(a) Landlord Consent. Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. If Landlord fails to respond in writing within thirty (30) days of such request, Landlord shall be deemed to approve the Alterations.

(b) End of Term. Any Alterations not removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term.

17. CONDEMNATION.

(a) Controlling Terms. If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (as defined below), this Section 17 shall determine the rights and obligations of Tenant and Landlord. "**Condemnation**" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "**Condemnor**" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

(b) Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "**Date of Taking**").

(c) Partial Taking. If more than ten percent (10%), but not all, of the floor area of the Premises is taken by Condemnation, this Lease shall remain in effect unless either Landlord or Tenant elects to terminate this Lease. Either party electing to so terminate this Lease must exercise its right to terminate the Lease by giving notice to the other party within thirty (30) days after the date that the nature and the extent of the Condemnation have been determined (the "**Determination Date**"), which notice shall set forth the date of termination. Such termination date shall not be earlier than thirty (30) days nor later than ninety (90) days after the electing party has notified the other party of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination the electing party has designated. If neither party elects to terminate this Lease within thirty (30) days after the Determination Date, all provisions of this Lease shall remain in effect, except that Base Rent and Operating Expenses Rent shall be equitably abated.

(d) Restoration. Notwithstanding the preceding paragraph, if, within thirty (30) days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be

substantially the same after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within ninety (90) days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Base Rent and Operating Expenses Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

(e) Award. The Award shall be divided between Landlord and Tenant as their respective interests may appear. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

(f) Waiver of Statute. Landlord and Tenant hereby waive the provisions of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the Superior Court to terminate this Lease in the event of a partial taking of the Premises.

18. INDEMNIFICATION.

(a) Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, liability, cost and expense, including attorneys' fees, arising from the use and occupancy of the Premises, Building or Common Areas by Tenant, or its officers, contractors, licensees, agents, employees, guests or visitors, or from Tenant's breach or default under this Lease. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees.

(b) Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, liability, cost and expense, including attorneys' fees, arising from the active negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests or visitors, or from Landlord's breach or default under this Lease. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

19. INSURANCE.

(a) Landlord's Insurance. During the term of this Lease, Landlord shall maintain the following insurance:

(i) Commercial property insurance which shall (1) cover damage to Landlord's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates) and (2) be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value.

(ii) General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following: (1) per occurrence and general aggregate amount of \$5,000,000; (2) products/completed operations aggregate of \$2,000,000 and (3) personal and advertising injury of \$1,000,000.

(iii) Failure by Landlord to maintain the insurance required by this Section 19 and deliver evidence thereof as required by this Lease shall constitute a material breach of this Lease.

(b) Insurance Requirements. All insurance policies required to be maintained by Landlord under this Lease shall be issued by insurance companies which have Best's Ratings of "A" and "VII" or better and which are qualified to do business in the State of California. All liability and property damage and other casualty policies of Tenant shall be written as primary policies, not contributing with, and not in excess of coverage which Landlord may carry.

(c) Certificates. Landlord shall deliver to Tenant on the Commencement Date of this Lease and thereafter at least fifteen (15) days prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. Certificates must document that each party has named the other as an additional insured (or its equivalent) on its general liability and property insurance policy, and that Tenant has been named a loss payee on Landlord's commercial property insurance policy, as required. Further, all certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Tenant in the event of material change to, expiration or cancellation of the coverages or policies evidenced by the certificates.

(d) Waiver of Subrogation. Landlord and Tenant each hereby waive their rights of subrogation against one another to the extent it is covered by the property insurance policies required to be carried hereunder. Landlord shall cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against Tenant.

20. PARKING.

(a) Tenant's Rights. Tenant shall have the right to use the number of nonexclusive parking stalls set forth in Section 1(o) without charge for the Term of this Lease. No tandem parking shall be permitted and Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that no parking spaces are for the exclusive use of Tenant; rather, all parking spaces at the Property are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building.

(b) Remedies. Landlord acknowledges that it is a material term of this Lease that Tenant have use of all Parking Spaces on the Property specified in Section 1(o) for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provision. Accordingly, for each Parking Space specified in Section 1(o) that Tenant cannot use for any reason at any time during the Term (in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or

condemnation), Tenant shall have one of these remedies, available in the following priority, upon thirty (30) days' written notice to Landlord:

(i) Landlord shall provide Tenant an alternative parking space in the parking lot of Landlord's commercial office property located adjacent to the Property at 12801 Crossroads Parkway;

(ii) if such alternative parking spaces are not available in accord with subsection 20(b)(i), Landlord shall provide Tenant other reasonably comparable parking spaces with shuttle bus service from parking spaces that are located more than one-quarter (1/4) mile away from the Premises; or

(iii) if neither remedy in subsection 20(b)(i) or 20(b)(ii) is available, Landlord will reduce the monthly Base Rent thereafter accruing by an amount equal to Seventy-five Dollars (\$75.00) per unavailable parking space.

21. ENVIRONMENTAL MATTERS

(a) Hazardous Materials. Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used in this Lease, "**Hazardous Materials**" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects.

As used herein, "**Environmental Laws**" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.

(b) Mutual Indemnity. Each party ("**Indemnitor**") shall indemnify, protect, defend (by counsel acceptable to the Indemnatee) and hold harmless the other party ("**Indemnatee**") from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes,

costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation of laws relating to Hazardous Materials caused by the Indemnitor. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Each party shall promptly deliver to the other party a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. The indemnity obligations contained in this Section 21(b) shall survive the expiration or termination of this Lease and an Indemnitor's default thereof shall constitute a material default under this Lease.

22. ESTOPPEL CERTIFICATES

(a) Execution and Delivery. On thirty (30) days' written notice from Landlord, Tenant shall execute, acknowledge and deliver to Landlord or its designee a written statement in the form as Landlord shall designate of (a) Supplemental Lease Document II, as the parties shall have approved, or (b) such other form as Landlord's existing or prospective lender or mortgagee shall reasonably require, certifying: (i) that none of the terms or provisions of this Lease have been changed (or if they have been changed, stating how they have been changed); (ii) that this Lease has not been cancelled or terminated; (iii) the last date of payment of the Base Rent and other charges and the time period covered by such payment; (iv) that Landlord is not in default under this Lease (or, if Landlord is claimed to be in default, stating why); and (v) such other representations or information with respect to Tenant or this Lease as Landlord may reasonably request or which any prospective purchaser or encumbrancer of the Property may require. Tenant shall deliver such statement to Landlord within ten (10) business days after Landlord's request. Landlord may give any such statement by Tenant to any prospective purchaser or encumbrancer of the Property. Such purchaser or encumbrancer may rely conclusively upon such statement as true and correct.

(b) Failure to Deliver. If Tenant does not deliver such statement to Landlord within such ten (10) business days, Landlord, and any prospective purchaser or encumbrancer, may conclusively presume and rely upon the following facts: (i) that the terms and provisions of this Lease have not been changed except as otherwise represented by Landlord; (ii) that this Lease has not been canceled or terminated except as otherwise represented by Landlord; (iii) that not more than one month's Base Rent or other charges have been paid in advance; and (iv) that Landlord is not in default under the Lease. In such event, Tenant shall be estopped from denying the truth of such facts.

23. LIENS. Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or materials ordered or obligations incurred by Tenant. Landlord shall keep its interest in this Lease and the Premises free from any liens which would impair the interest of Tenant hereunder. Each party hereby indemnifies, defends and holds the other party harmless from any liability or loss from any such lien it causes or allows to attach to its interest in this Lease or the Premises.

24. SUBORDINATION AND MORTGAGES

(a) Subordination, Non-Disturbance and Attornment. At Landlord's option, Tenant shall subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Property; provided, however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement in the form of Supplemental Lease Document I, as approved by the parties, and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase or right of first offer to purchase the Property which may be included herein. Within thirty (30) days after the mutual execution and delivery of this Lease, Landlord shall use its commercially reasonable efforts to cause its lender, the beneficiary under any existing deed of trust affecting the Building, to provide a written agreement to Tenant in the aforesaid form of Document I.

(b) Notice of Default. Landlord acknowledges that Tenant intends to record a Request for Notice in the form of Supplemental Lease Document V with respect to any mortgages or deeds of trust now or hereafter in force against the Property. If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section 24, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of Default served upon Landlord hereunder which could permit Tenant to terminate this Lease and an additional ten (10) days within which to cure such Default.

25. SURRENDER OF POSSESSION. Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition. Tenant may (but shall not be required to) remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture).

26. SIGNAGE. Tenant shall be permitted to install at the Premises reasonably appropriate signs that conform with any and all applicable laws and ordinances.

27. QUIET ENJOYMENT. So long as Tenant is not in default hereunder, Tenant shall have the right to the quiet and peaceful enjoyment and possession of the Premises and the Common Areas during the Term of this Lease, subject to the terms and conditions of this Lease.

28. GENERAL

(a) Headings. Titles to Sections, subsections and paragraphs of this Lease, including without limitation the Work Letter in Section 34, all Exhibits and Supplemental Lease Documents, are informational but not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(b) Successors and Assigns. All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns.

(c) Brokers. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease, excepting Majestic Realty Co. for whose commission Landlord shall be solely responsible. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of the indemnifying party's dealings with any real estate broker or agent, other than the Brokers. Landlord's Broker hereby discloses to Landlord and Tenant, and Landlord and Tenant hereby consent to Landlord's Broker acting in this transaction as the agent of Landlord exclusively.

(d) Entire Agreement. This Lease, including without limitation the Work Letter and Supplemental Lease Documents, is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

(e) Severability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

(f) Notices. All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

(g) Governing Law and Forum. This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

(h) Waivers. No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

(i) Time of Essence. Time is of the essence for the performance of all of the obligations specified hereunder.

(j) Consent. Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if not refused within ten (10) days after written request is made therefore, together with all necessary information.

(k) Community Business Enterprise Firm. Landlord shall complete and deliver to Tenant concurrently with the execution hereof the Community Business Enterprise Firm form, in the form of Supplemental Lease Document III, as approved by the parties.

29. AUTHORITY. Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the Tenant to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the County's Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. Tenant shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Officer of the County or its delegate (the "**Chief Executive Officer**") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an Early Termination Notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

30. ACKNOWLEDGEMENT BY LANDLORD. Landlord acknowledges that it is aware of the following provisions:

(a) Consideration of GAIN Program Participants. Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment, openings to participants in the County Department of Public Social Services' Greater Avenues for Independence ("GAIN") Program who meet Landlord's minimum qualifications for the open position. Tenant will refer GAIN participants by job category to Landlord.

(b) Solicitation of Consideration. It is improper for any County officer, employee or agent to solicit consideration in any form from a landlord with the implication, suggestion or statement that the landlord's provision of the consideration may secure more favorable treatment for the landlord in the award of the Lease or that landlord's failure to provide such consideration may negatively affect the County's consideration of the landlord's offer to lease. A landlord shall

not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the Lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the landlord's submission being eliminated from consideration.

(c) Landlord Assignment.

(i) Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Rent directly to an assignee or transferee, but only if the conditions set forth in this Section 30(c) are met.

(ii) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section 30(c) shall be void.

(iii) Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of the California Government Code, which prohibit the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County. Notwithstanding the foregoing, the County acknowledges and agrees that Landlord shall have the right to encumber the Property with collateralized mortgage-backed securities ("CMBS") financing or other traditional real estate financing; provided, however, Landlord shall not encumber the Property with any type of bond financing, including but not limited to certificate of participation financing.

(iv) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Lease or applicable law.

(v) Landlord shall give the Tenant notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments

providing for the payment of Rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

(vi) Landlord shall not furnish any information concerning Tenant or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) to any person or entity, except with Tenant's prior written consent. Landlord shall indemnify, defend and hold Tenant and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section 30(c).

(vii) The provisions of this Section 30(c) shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section 30(c) Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

31. IRREVOCABLE OFFER. In consideration for the time and expense that Tenant will invest, including, but not limited to, preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County (if applicable) in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1(i).

32. BASE RENT ADJUSTMENT.

(a) Annual Adjustment. For each successive twelve (12) months of the Term of this Lease ("Lease Year"), the Base Rent shall be subject to adjustment. On the first anniversary date of the first full calendar month following the Commencement Date, and every twelve (12) months thereafter, the Base Rent shall be adjusted in accordance with the CPI formula set forth in Section 32(b). The "**Base Index**" shall be the index published in the month the Term commences.

(b) CPI Formula. The method for computing the annual rental adjustment shall be by reference to the Consumer Price Index for all Urban Consumers for the Los Angeles-Riverside-Orange County area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100) herein referred to as the "**Index**".

The rental adjustment for the Base Rent shall be calculated by multiplying the original Base Rent by a fraction, the numerator being the New Index, which is the index published in the month immediately preceding the month the adjustment is to be effective, and the denominator being the Base Index.

The formula shall be as follows

New Index

$(\text{Base Index}) \times (\$1.11) \times (\text{rentable square footage of Premises}) = \text{New Monthly Base Rent}$

If the Index is changed so that the base year of the Index differs from that used as of the Commencement Date, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term, such other governmental Index or computation with which it is replaced shall be used in order to obtain substitute index (if the original index is discontinued without a replacement), then upon demand by either party, the matter shall be submitted to arbitration for the purpose of determining an alternate method of computing the rental adjustment based upon the increase in the cost of living.

In no event shall the Base Rent adjustment based upon the CPI formula set forth in Section 32(b) result in an annual increase greater than FIVE PERCENT (5%), nor less than TWO AND ONE-HALF PERCENT (2.5%), of the Base Rent in effect immediately prior to the adjustment.

33. OPERATING EXPENSES RENT AND ADJUSTMENT. In addition to, and concurrently with its payment of, Base Rent, Tenant shall pay to Landlord, as Operating Expenses Rent, Tenant's Proportionate Share of the operating expenses associated with Landlord's ownership, maintenance, operation and management of the Property ("**Operating Expenses**"). Tenant's "**Proportionate Share**" is the rentable square feet of the Premises (see Section 1(c)) divided by the total rentable square feet in the Building (see Section 1(l)), as specified in Section 1(m). For each calendar year during the Term, the Operating Expenses shall be subject to adjustment as follows. Prior to the beginning of each calendar year, Landlord shall provide Tenant with a budget of Operating Expenses due under this Lease for the next ensuing twelve (12) months. The Tenant's Proportionate Share of the Operating Expenses for the first calendar year of the Term is estimated to be NINETY-TWO CENTS (\$0.92) per rentable square foot of the Premises annually. See Section 1(j).

(a) Operating Expenses. Landlord's Operating Expenses shall include, without limitation, all reasonable and necessary costs of any kind paid or incurred by Landlord in the operation, servicing, repair, maintenance (in neat, clean, safe, good order and condition) but not replacement of the basic structure of the Building, including, without limitation, the costs incurred by Landlord in connection with its repair obligations set forth in Section 10(b) hereof. These costs shall include the following:

(i) Maintenance, repair and replacement of the Building finishes, including, but not limited to, painting walls and replacing floor coverings and Building finishes.

(ii) Maintenance, repair and replacement of the HVAC, plumbing, and electrical systems; life-safety equipment; telecommunication and other equipment (collectively, the "**Building Components**") used in common by or for the benefit of occupants of the Building; elevators, tenant directories, fire detection systems, including sprinkler system maintenance and repair. If any Building Component is replaced, the cost thereof for which Tenant shall pay its Proportionate Share shall be net of any amount previously reserved to pay for such replacement, amortized on a straight-line basis over the useful life of the Building Component.

(iii) Trash disposal, janitorial and security services.

(iv) [Intentionally omitted.]

(v) The cost of property taxes and other assessments levied pursuant to recorded documents.

(vi) The cost of utilities, including water/sewer charges, gas, electricity, and other publicly-mandated services to the Building. The utility costs shall be adjusted to reflect any payments received by Landlord or public utility from any tenant within the Building for after-hours usage or any utility usage as required by the tenant's lease.

(vii) Management fees or administrative fees so long as they are competitive and customary with buildings in the same or similar geographical location as the Building and do not exceed the lesser of in the aggregate a competitive and customary management fee charged by an independent management company to manage the operations of the Building in its entirety or three percent (3.0%) of the current annual Base Rent.

(viii) Maintenance, repair, and replacement of the Building's basic structure, subject to offset for the greater of (a) proceeds which would be payable from insurance required to be maintained by Landlord under the terms of this Lease, whether received or not, or (b) insurance or other proceeds actually received.

(ix) Exterior maintenance of the Premises, including parking areas and landscaping.

(b) Exclusions from Operating Expenses. Operating Expenses shall not include the following costs:

(i) Depreciation of the Building or equipment therein.

(ii) Landlord's executive salaries.

(iii) Brokers' leasing commissions and advertising expenses incurred in connection with the development or leasing of the Building or future leasing of the Building.

(iv) Legal and consulting fees and other costs incurred in connection with negotiations or disputes with present or prospective tenants or other occupants of the Building.

(v) Expenses in connection with services or other benefits that are not offered to Tenant but are offered to other tenants or for which Tenant is charged for directly but that are not provided to other tenants or occupants of the Building.

(vi) The cost of any capital improvements made to the Building or Common Areas by Landlord except those improvements that directly result in cost savings to Tenant.

(vii) Audit and verification fees charged by outside entities.

(viii) Any bad debt loss, rent loss or reserves for bad debts or rent loss.

(ix) The rental and other related expenses incurred in leasing air conditioning systems, elevators or other equipment ordinarily considered to be of a capital nature, except equipment not affixed to the Building that is used in providing janitorial or similar services.

(x) Costs, including permits, license and inspection costs, incurred with respect to the installation of tenant improvements made for tenants in the Building or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants or other occupants of tenants within the Building.

(xi) Capital expenditures required by Landlord's failure to comply or by Landlord's necessity to comply with laws or building codes enacted on or before the date of Tenant's occupancy of the Premises.

(xii) Interest points and fees on debt or amortization on any mortgage or mortgages encumbering the Building or the Property.

(xiii) Any other expenses that in accordance with generally accepted accounting principles, consistently applied, would not normally be treated as an operating expense by landlords of comparable buildings.

(xiv) Fees relating to any ground leases.

(xv) Any and all of Landlord's expenses relating to any parking facility or facilities on or about the project or comprising a part of the Building except to and only to the extent that such expenses exceed the revenues associated with such facilities, or the revenues that would be associated with such facilities if such facilities were operated so as to reasonably maximize such revenues, whichever revenue amount is greater.

(xvi) The costs associated with the remediation or mitigation of Hazardous Materials as defined in this Lease, except to the extent introduced by Tenant or its agents, contractors, employees or invitees.

(xvii) The costs in excess of any profits derived by Landlord associated with retaining a parking vendor to operate the parking lot that is utilized by Tenant's employees.

(xviii) Costs for which Landlord has a right of reimbursement from others.

On or about each April 30, Landlord shall endeavor to furnish to Tenant an itemized, detailed statement prepared, signed and certified to be correct by Landlord, of the total actual Operating Expenses for the prior calendar year, (the "**Actual Operating Expenses** ") and Landlord's reconciliation of the Estimated Operating Expenses charged the prior year with the Actual Operating Expenses for that year. Tenant shall pay Tenant's Proportionate Share of the Actual Operating Expenses if any, in excess of the Estimated Operating Expenses for the prior year within ninety (90) days after Tenant receives the Actual Operating Expenses statement. Landlord shall pay Tenant the amount of Tenant's Proportionate Share of the Estimated

Operating Expenses in excess of the Actual Operating Expenses for the prior year upon delivery of the Actual Operating Expenses statement.

On an annual basis, Landlord shall keep at its offices full, accurate and separate books of account covering Landlord's operating costs, and the statement if Tenant shall accurately reflect the total operating costs and Tenant's Proportionate Share. The books of account shall be retained by Landlord at its offices for a period of at least one (1) year after the expiration of each calendar year. Tenant shall have the right at all reasonable times during the Term to audit Landlord's records and inspect the books of account.

If Tenant objects to any statement of increased operating costs submitted to Tenant by Landlord, both parties shall attempt to resolve the conflict by negotiation. If the parties are unable to resolve the conflict within twenty (20) days after Tenant shall have given Landlord written objection to the statement, then the dispute shall be resolved by binding arbitration mutually acceptable to the parties.

34. WORK LETTER. Prior to the Commencement Date, Landlord shall construct the Tenant Improvements in the manner set forth in this Section 34. The terms and conditions of this Section 34 are also referred to in this Lease collectively as "Work Letter."

1. Basic Work Letter Information. The following terms as used in this Section 1 shall have the following meanings set forth in the following list, except as otherwise specifically modified in this Section 1.

- | | |
|---|--|
| (a) <u>Base Tenant Improvement Allowance:</u> | \$311,045.00 applied to Tenant Improvement Costs (i.e., \$35.00 per rentable square foot of the Premises) |
| (b) <u>Additional Tenant Improvement Allowance:</u> | Not to exceed \$355,480.00 as expended by Landlord for Tenant Improvement Costs (i.e., \$40.00 per rentable square foot of the Premises) |
| (c) <u>Maximum Change Order Allowance:</u> | None |
| (d) <u>Furniture Allowance:</u> | Not to exceed \$222,175.00 (i.e., \$25.00 per rentable square foot of the Premises) which is reimbursed by County to the Landlord in a lump sum payment within sixty (60) days after the Commencement Date; provided Landlord has provided Tenant a finalized accounting of all Tenant Improvements that Tenant has reviewed and accepted, such review and acceptance not to be unreasonably withheld, delayed or conditioned. |

- See Work Letter §§ 6.3(c) and 9.
- (e) Amortization Rate for Additional Tenant Improvement Allowance: 9% per annum amortized over the first sixty (60) months of the Term, unless Tenant elects to repay Additional Tenant Improvement Allowance to Landlord in a lump sum with accrued interest at any time after the Tenant Improvements are Substantially Complete
- (f) Base Rent Reduction per \$1,000: N/A
- (g) Tenant's Work Letter Representative: Thomas Shepos or an assigned staff person of the Chief Executive Office-Real Estate Division
- (h) Landlord's Work Letter Representative: Charlie Bender
- (i) Landlord's Address for Work Letter Notice: 13191 Crossroads Parkway North, 6th Floor
City of Industry, CA 91746-3497
- (j) Tenant's Address for Work Letter Notice: Board of Supervisors
Kenneth Hahn Hall of Administration
Room 383
500 West Temple Street
Los Angeles, California 90012
- With a copy to:
Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: (213) 217-4971
- (k) Addenda: Addendum A: Base Building Improvements
Addendum B: Tenant Improvements
Addendum C: Budget Form

2. Construction of the Building.

2.1 Base Building Improvements. Landlord has constructed or shall construct the base Building improvements as a part of the Building described on Addendum A hereto (the "Base Building Improvements"). To the extent that the Base Building Improvements must be changed or added to in order to accommodate the special needs of Tenant in the Premises, such

changes or additions shall be considered Tenant Improvements (as defined below) only to the extent such changes or additions are specifically described in Addendum B hereto.

2.2 Additional Costs Not Tenant Improvement Costs.

(a) If the Building as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred had the Building been in compliance with such codes, such costs shall not be included in the calculation of Tenant Improvement Costs (as defined below) and Tenant shall have no financial responsibility for such costs.

(b) Any work that Landlord must undertake to cause the Premises to comply with the access requirements of the ADA or make existing building systems, including, but not limited to, electrical service and HVAC equipment, fully operational shall be at Landlord's sole cost and expense. Tenant Improvement Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes", (ii) fire sprinkler system installation or upgrade, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere, (iv) utility costs incurred during construction, (v) costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease or (vi) supervision or overhead costs of Landlord.

2.3 Base Building Plans. Landlord has delivered to Tenant "as built" plans and specifications for the Building in an AutoCAD 2000 format. In the event Tenant incurs additional costs because such plans and specifications are incomplete or inaccurate, such increased costs will be reimbursed to Tenant and any delay caused thereby shall not be a Tenant Delay, as defined below.

3. Approval of Architect and Engineer. Tenant approves Landlord's selection of Commerce Construction Co., LP., as its licensed architect ("**Architect**"), who is familiar with all applicable laws, building requirements and the scope of work herein, to complete the Working Drawings (as defined below).

4. Approval of Contractor. Landlord shall submit the Final Plans (as defined below) and a proposed construction contract, in such form as Tenant shall have approved ("**Construction Contract**"), to Commerce Construction Co., LP., whom Tenant approves as Landlord's licensed contractor ("**Contractor**"), to hire Contractor to construct the Tenant Improvements designated on the Final Plans.

5. Preparation of Plans and Specifications and Construction Schedule.

5.1 Preparation of Space Plan. Concurrently with its execution of this Lease, Tenant shall submit to Landlord a space plan and specifications for the Premises showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, library, and file room (the "**Space Plan**") which Landlord shall approve if it is consistent with, and does not require modification of, the Base Building Improvements.

5.2 Preparation and Approval of Working Drawings. Within ten (10) days after Landlord approves the Space Plan (the "**Plan Submission Date**"), Landlord shall instruct the Architect to prepare Working Drawings (the "**Working Drawings**"), which shall be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all such information required to construct the Tenant Improvements and to prepare the Engineering Drawings (as defined below), and contain all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. The Working Drawings may be submitted in one or more stages and at one or more times. Landlord shall provide Tenant the Working Drawings, or such portion as has from time to time been submitted, for Tenant's review and reasonable approval within three (3) business days.

5.3 Preparation and Approval of Engineering Drawings. Landlord shall cause the Architect to insure that all engineering drawings prepared by the Engineer, showing complete mechanical, electrical, plumbing, and HVAC plans ("**Engineering Drawings**"), are incorporated and integrated into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review and reasonable approval within three (3) business days.

5.4 Integration of Working Drawings and Engineering Drawings into Final Plans. After Tenant has approved the final Engineering Drawings, Landlord shall cause the Architect to integrate the approved Working Drawings with the approved Engineering Drawings (collectively "**Final Plans**") and deliver five (5) sets of the Final Plans to Tenant for its review and reasonable approval within three (3) business days. The Final Plans shall be suitable for plan check review and permitting by local agencies having jurisdiction and for the layout, improvement and finish of the Premises consistent with the design and construction of the Base Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone communications and data plans, life safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets, sprinklers, doors, equipment specifications (including weight specifications and cooling requirements) and power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements.

5.5 Approval of Plans by Tenant. In approving the Final Plans, Tenant shall not expressly or impliedly represent that the Tenant Improvements are designed adequately or correctly. In all events, however, Tenant shall approve the Final Plans if they are consistent with the approved Engineering and Working Drawings.

5.6 Construction Schedule. Within thirty (30) days after the Plan Submission Date, Landlord shall submit to Tenant a detailed construction schedule, subject to Tenant's reasonable approval within three (3) business days. The construction schedule shall set forth the dates for specific completion of certain project benchmarks including, but not limited to, completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of construction contract, construction commencement, construction completion,

Projected Acceptance Date and other similar dates. As the construction continues, Landlord shall amend the schedule from time to time to reflect any changes to the projected dates.

6. **Budgets and Payment of Tenant Improvement Costs.**

6.1 **Preliminary Construction Budget.** Within three (3) business days after the Plan Submission Date, Landlord shall submit to Tenant for approval within three (3) days a preliminary construction budget (the "**Preliminary Budget**") for the Tenant Improvements in a format similar to Addendum C attached hereto.

6.2 **Final Construction Budget.** Within ten (10) days after the parties mutually approve the Final Plans, the parties will work in good faith to approve a final construction budget ("**Final Budget**"). Tenant shall have five (5) days from the date of receipt of the Final Budget to approve or disapprove the Final Budget. Construction of the Tenant Improvements shall not begin until such time as Tenant approves the Final Budget or such five (5)-day period expires without any response from Tenant. If Tenant disapproves the Final Budget because it is more than the greater of (i) the approved Preliminary Budget or (ii) the sum of the Base Tenant Improvement Allowance and the Additional Tenant Improvement Allowance, then any delay caused by the need to re-design and/or re-bid the Tenant Improvements shall be a Force Majeure Delay in accordance with Section 13.1(b)(iii); provided, however, that unless Tenant approves the proposed Final Budget within thirty (30) days after its first delivery by Landlord, either party shall have the right to terminate this Lease on five (5) days' written notice. Landlord shall review the Space Plan, Working Drawings, Engineering Drawings and Final Plans at its sole cost and expense. Under the Final Budget, only Contractor (but not Landlord) shall be entitled to receive a fee for profit, overhead and general conditions in connection with the construction of the Tenant Improvements.

6.3 **Additional Tenant Improvement Allowance and Change Orders.** All improvements required by the Final Plans, including without limitation modular furniture described in the Modular Specifications described in Addendum B hereto, shall be Tenant improvements (collectively, "**Tenant Improvements**"). The total cost of all Tenant Improvements described in the Final Plans and the Final Budget, including Change Orders, if any ("**Tenant Improvements Costs**"), shall not exceed the sum of Base Tenant Improvement Allowance, the Additional Tenant Improvement Allowance and the Furniture Allowance. The parties shall pay for the components of the Tenant Improvements Costs in accordance with the following subsections.

(a) **Base Tenant Improvement Allowance.** At its sole cost, Landlord shall pay the Base Tenant Improvement Allowance portion of the Tenant Improvements Costs pursuant to the Construction Contract.

(b) **Additional Tenant Improvement Allowance.** Pursuant to the Construction Contract, Landlord shall advance to the Contractor, on behalf of Tenant, the Additional Tenant Improvement Allowance portion of the Tenant Improvement Costs, which Tenant shall repay to Landlord as Rent in equal monthly installments payable over the first sixty (60) months of the Term, amortized with interest at the rate set forth in Work Letter Section 1(e), with Tenant

having the right to pay off early the unpaid principal and accrued interest at any time before the end of such amortization period.

(c) Furniture Allowance. On behalf of Tenant, Landlord shall pay Tenant's furniture vendor the Furniture Allowance towards the total cost of Tenant's modular furniture and shall provide Tenant copy of the invoice therefor, which Tenant shall approve within three (3) business days. Within sixty (60) days after the Commencement Date, Tenant shall repay the Furniture Allowance to Landlord in a lump sum without interest. See also Work Letter Section 9.

(d) Change Orders. Landlord shall advance the costs of all mutually approved Change Orders on behalf of Tenant. Within sixty (60) days after the Commencement Date, Tenant shall repay the such costs to Landlord in a lump sum without interest.

7. Construction of Tenant Improvements.

7.1 Tenant Improvements. Landlord shall cause its Contractor construct the Tenant Improvements described more particularly on Addendum B hereto. If any work required by the Final Plans is not described on Addendum B or otherwise described in an approved Change Order, the work shall be performed by Landlord at its own cost and expense and not included in the cost of Tenant Improvements.

7.2 Bids. Unless waived by Tenant in writing, the Contractor for the Tenant Improvements shall obtain three (3) bids from responsible and qualified persons for each subcontractor's work. Landlord shall submit three (3) sealed fixed price bids for such subcontracts to Tenant for its review prior to the award thereof. The bids shall be jointly opened and reviewed. The bids shall include an itemized list of all materials and labor and shall include all additional costs, including architects and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees. Three (3) bids for the purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates, if applicable.

(a) Permits. Landlord shall secure the approval of governmental authorities, and all permits required by governmental authorities having jurisdiction over such approvals and permits for the Tenant Improvements, promptly after approval of the Final Plans.

(b) Commencement of Construction. Landlord shall commence construction of the Tenant Improvements within fifteen (15) days after issuance of all such necessary permits. Landlord shall commence and, once commenced, shall thereafter diligently proceed to construct and complete all Tenant Improvements, subject to any cessation that may be caused by Force Majeure Delays.

7.3 Construction. Construction of the Tenant Improvements will be subject to the following terms and conditions:

(a) Notice of Nonresponsibility. Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of nonresponsibility by Tenant.

(b) Decorating Decisions. All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/or wall coverings, furniture, fixtures, carpeting and any or all other decorator selection efforts required by Tenant, shall be provided by Landlord at Landlord's expense in accordance with Tenant's Space Plan. Landlord shall consult with Tenant with respect to all such decorating services and decisions.

(c) Clean-Up and Substandard Work. Landlord will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises themselves or in other areas utilized by Landlord or its contractors.

(d) Compliance with Laws. Construction of the Tenant Improvements shall comply with all applicable laws and regulations and shall be subject to the general inspection of Tenant. The Premises shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including, but not limited to, all provisions of the Labor Code of the State of California. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements. Particulars of the current Prevailing Wage Scale, as approved by the Board of Supervisors which are applicable to the work, are filed with the Clerk of the Board of Supervisors and must be posted at the site.

7.4 Conformed Plans. Within sixty (60) days after Substantial Completion of the Tenant Improvements and receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as-builts") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of the Final Plans. Such "as-built" or "record documents" shall be submitted on three and one-half inch (3½") 1.4Mb magnetic media diskettes in Auto CAD R 12.dwg (or later version) format or .DXF format, along with one complete set of specifications which are included in the drawings.

8. Change Orders. Tenant and Landlord may make changes, additions, deletions or alterations to the Tenant Improvements described in the Final Plans and Final Budget (each a "Change Order"), provided both Tenant and Landlord have approved such changes in writing. The amount of the Maximum Change Order Allowance set forth in Work Letter Section 1(c) (as amended by Tenant with written notice to Landlord from time to time) has been authorized by the Board of Supervisors of the County to be used to pay the costs of all authorized Change Orders but only the Chief Executive Officer is authorized to approve Change Orders on behalf of Tenant and then only if the aggregate amount of such approved Change Orders does not exceed the Maximum Change Order Allowance. Landlord shall submit to the Chief Executive Officer with each requested Change Order (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Orders previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Change Order is approved. To be effective, each Change Order must be signed and dated by the Chief Executive Officer and delivered to Landlord.

9. Furniture System.

9.1 Tenant shall deliver to Landlord within ten (10) days after execution hereof, modular furniture plans and specifications (the "Modular Specifications"). Based on the Modular Specifications, Landlord and /or Landlord's Architect shall prepare a modular furniture specifications bid package for submission to no less than three (3) furniture vendors. Prior to submission for bids, Landlord shall review the bid package with Tenant and Tenant shall have the reasonable right to approve or disapprove the bid package. Landlord shall provide at its cost the modular furniture set forth in the Modular Specifications and shall not be responsible for the cost of such modular furniture in excess of the Furniture Allowance. Pursuant to Work Letter Section 6.3(c), Tenant shall reimburse Landlord for all costs of such modular furniture that Landlord shall have paid.

9.2 Tenant may opt to finance its lump-sum payment for the cost of modular furniture through lease-purchase financing with a third-party vendor ("Creditor"). In the event Tenant elects to enter into a lease-purchase financing of the furniture and telecommunications equipment (the "Personal Property") through a Creditor, Landlord expressly agrees as follows:

(a) The Personal Property shall not become part of the Premises or Property but shall remain personal property removable by the Creditor and its assigns, provided that any damage occasioned by such removal shall be repaired by Creditor.

(b) Landlord shall be notified by Creditor of any plan by Creditor to remove the Personal Property.

(c) This section shall be binding on the representatives, successors and assigns of all parties hereto and shall inure to the benefit of the successors-in-interest to all parties hereto.

(d) Landlord shall waive any right to gain possession of any of Personal Property during the Term of this Lease by executing and delivering Landlord's Waiver and Agreement in the form of Exhibit F.

10. **Tenant Improvement Costs Adjustment and Right to Audit.** Within forty-five (45) days of the issuance of a Certificate of Occupancy, or a final sign-off by the City of Industry, whichever occurs first, Landlord shall provide to Tenant a statement showing in reasonable detail all Tenant Improvement Costs and the total amount payable hereunder by Tenant to Landlord. Upon approval of the statement by Tenant, payments by either party pursuant to the Lease and this Work Letter shall be adjusted as appropriate, based upon such statement. Tenant shall have the right to audit these costs for a period of twelve (12) months from the date of acceptance by Tenant of the Premises. In the event the audit shows that Tenant is entitled to a reduction in payments to the Landlord under this Work Letter, Tenant shall provide Landlord with a copy of the audit summary and, if Landlord agrees with the findings of such audit summary, then Landlord shall pay Tenant the amount of any over-payment made by Tenant within thirty (30) days and future payments shall be adjusted as appropriate based upon the audit results. If Landlord reasonably objects to the findings of the audit summary, then the dispute shall be resolved through binding arbitration mutually acceptable to the parties.

11. **Exclusions.** The Tenant Improvement Costs shall not include any costs incurred for asbestos abatement, base fire sprinkler system changes, or conversion of air conditioning systems

to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, fire sprinkler system, or air conditioning system conversion shall be performed at the sole cost and expense of Landlord.

12. **Telephone/Computer Room and Equipment.** Landlord shall complete the telephone equipment room(s) including permanent power and HVAC, in compliance with the Space Plan and specifications provided by Tenant, at least ten (10) days prior to the Projected Acceptance Date. During this ten (10) day period, the Landlord shall be responsible for any telephone/data equipment delivered to the site for programming prior to the Projected Acceptance Date.

13. **Delay.**

13.1 **Tenant Delays and Force Majeure Delays.** Other than Tenant Delay and/or Force Majeure Delay, no delay in Landlord's completion of construction of the Tenant Improvements shall be considered in determining the Commencement Date of the Lease and Tenant shall be charged with any delay only with respect to Tenant Delay.

(a) **Tenant Delay.** Subject to the provisions of Section 13.2 of this Work Letter, the Commencement Date set forth in Lease Section 1(h) shall be deemed to be thirty (30) days after the date Substantial Completion of the Tenant Improvements would have occurred had Tenant not caused any of the following to occur (individually or collectively, "**Tenant Delay**"):

(i) Tenant fails or refuses to give authorizations or approvals within the time periods required herein, but only to the extent such inaction delays the commencement of construction, or Substantial Completion, of the Tenant Improvements;

(ii) Tenant specifies materials, components, finishes or improvements for the Tenant Improvements that are not available in a commercially reasonable time, given the Projected Acceptance Date;

(iii) Tenant requests changes to the Working Drawings, Engineering Drawings and/or Final Plans that require changes to the Base Building Improvements or do not comply with applicable building code or laws;

(iv) Tenant requests changes to the mutually approved Working Drawings, Engineering Drawings, Final Plans and/or Final Budget; or

(v) Tenant breaches its duties under this Work Letter.

(b) **Force Majeure Delay.** Subject to the provisions of Section 13.2, the Projected Acceptance Date shall be extended one (1) day for each day that Substantial Completion of the Tenant Improvements is delayed by any of the following (individually or collectively, "**Force Majeure Delay**"):

(i) lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage or other similar causes beyond the reasonable control of Landlord;

(ii) unduly lengthy delay in receiving governmental approvals of Final Plans;
or

(iii) Tenant's disapproval of the Final Budget because it is more than the Preliminary Budget, in accordance with Work Letter Section 6.1.

13.2 Limitations.

(a) Notice. No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless Landlord has provided written notice to Tenant, within forty eight (48) hours of the event giving rise to such claim, in compliance with the Lease, specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred only commencing as of the date Tenant received such notice from Landlord.

(b) Mitigation. Tenant Delays shall advance the date Substantial Completion actually occurs, and Force Majeure Delays shall extend the Projected Acceptance Date, only if Landlord, its Architect, Engineer and/or Contractor are actually delayed in their performance of this Work Letter and/or the contracts with Landlord, despite Landlord's reasonable efforts to adapt and compensate for such delays, which efforts Landlord shall be obligated to make (provided such additional cost incurred by Landlord due to such effort does not exceed \$1,000 on a cumulative basis, unless Tenant agrees to pay to such excess).

(c) Concurrent Delays. Tenant Delays and Force Majeure Delays shall be recognized hereunder only to the extent the same are not concurrent with any other Tenant Delay or Force Majeure Delay which is effective hereunder. For example, if two (2) Tenant Delays of four (4) days each occur at the same time, then Substantial Completion shall be deemed to occur only four (4), rather than eight (8), days before Substantial Completion actually occurs.

(d) Change Orders. Landlord may not claim that a Change Order requested by Tenant was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the Change Order authorization.

14. **Tenant Remedies.** Subject to Work Letter Section 13, if Landlord fails to obtain the building permit to construct the Tenant Improvements within a reasonable time, taking all factors into consideration, so that Substantial Completion does not occur within sixty (60) days from the Projected Acceptance Date, Tenant may, at its option, on thirty (30) days' written notice to Landlord:

14.1 Cancel the Lease in accordance with Lease Section 4(b); or

14.2 Assume responsibility for providing the Tenant Improvements itself unless Landlord causes Substantial Completion to occur within said thirty (30) day period. If Tenant elects to provide the Tenant Improvements itself, then:

(a) Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises and the Building at all reasonable times for the purpose of constructing the Tenant Improvements and for any other purposes reasonably related thereto; and

(b) Rent shall be reduced by Tenant's total expense in constructing the Tenant Improvements, including any financing charges for capital and a reasonable amount for its administrative costs, and including interest at the rate of nine percent (9%) per annum ("**Tenant's Total Expense**"). The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Tenant's Total Expense shall be fully amortized in equal monthly amounts over five (5) years and deducted from the rent payable hereunder.

Any default by Landlord under the terms of this Work Letter shall constitute a default under the Lease and shall entitle Tenant to exercise all remedies set forth in the Lease.

15. **Representatives.**

15.1 **Tenant Representative.** Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Work Letter Section 1.

15.2 **Landlord Representative.** Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Work Letter Section 1.

16. **Elevator Usage During Move-In.** Tenant shall have the use of the elevator in the Building during Tenant's move-in to the Premises.

17. **Construction Meetings.** During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs otherwise, at a time and place which is mutually convenient. An initial construction meeting shall be held within five (5) days of the date the Contractor is selected.

18. **Delivery.** Delivery of all plans and drawings referred to in this Work Letter shall be by commercial messenger service or personal hand delivery, unless otherwise agreed by Landlord and Tenant.

ADDENDUM A
to
Work Letter

BASE BUILDING IMPROVEMENTS

Landlord has constructed (or will construct) the Building to include the following:

- (a) the Building shell and exterior, including perimeter window frames, mullions and glazing in good condition;
- (b) the core area, including mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems within the Building core, stubbed out to the face of the core wall at locations determined by Landlord;
- (c) men's and women's toilet rooms, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;
- (d) unpainted exterior dry wall or lath and plaster covering the exposed side of all exposed core walls, core and perimeter columns and the interior exposed side of all exterior building wall areas except at and under windows;
- (e) public stairways;
- (f) passenger and freight elevators;
- (g) parking facilities;
- (h) ground floor lobby;
- (i) finished elevator lobbies (with carpet, lights, finished walls and ceiling);
- (j) exterior plazas and landscaping;
- (k) loading dock and/or area;
- (l) drinking fountains at the core;
- (m) electrical/telephone closet with not less than seven (7) watts per square foot of rentable area of normal power in the floor electrical closet;
- (n) conduit access sufficient for Tenant's electrical wiring (no additional improvement to increase conduit access will be furnished by Landlord unless there is not sufficient riser space as required for a 1.5" diameter signal cable from the Building main telecommunication vault to the telephone closets on floors 1 and 2, in which case Landlord, at no cost to Tenant and without deduction from the Tenant Improvement Allowance, shall cause such riser space to be made available to Tenant, and provided further that Tenant shall be responsible for the cost for removing the riser floor seal at each floor and the patching of each seal after installation of Tenant's cable);

- (o) two (2) 208 amp/120 volt and one (1) 480 amp/277 volt electrical panels connected to the Building power system and used in common with other tenants of the Building;
- (p) mechanical equipment room with ducted mechanical exhaust system;
- (q) concrete floors with troweled finish, level to specified tolerances and designed to support a minimum live load of fifty (50) pounds per square foot and a partition load of twenty (20) pounds per square foot;
- (r) standard window coverings;
- (s) primary HVAC duct for cooling and primary HVAC duct for heating (heating is for perimeter zone only) to loop from the mechanical equipment room around the building core;
- (t) hot and cold air or water loops located within the Premises;
- (u) primary fire sprinkler distribution, including secondary piping and sprinkler heads as required for the unoccupied Premises;
- (v) primary fire-life safety enunciation system "backbone" and panels suitable for Tenant's secondary distribution;
- (w) access at panels in the service core for distribution of Building requirements electrical power (initially 120/208 volts for power and 277 volts for fluorescent lighting) up to the limits permitted under applicable law at the time the Building receives the initial temporary certificate of occupancy for the Building; and
- (x) gypsum board on the service core walls, columns and sills in the Premises.

ADDENDUM B
to
Work Letter

TENANT IMPROVEMENTS

Tenant Improvements shall include:

- (a) Tenant ceilings and lighting;
- (b) Floor finish in the Premises (except elevator lobbies and public corridors on multi-tenant floors and toilet rooms);
- (c) Interior finishes of any kind within the Premises (except elevator lobbies and public corridors on multi-tenant floors and core area toilet rooms);
- (d) Interior partitions, doors and hardware within the Premises;
- (e) Terminal boxes and reheat coils or other HVAC or air distribution devices to or within the Premises;
- (f) Tenant's modular furniture, fixtures and equipment, including telephones, computers and cabling therefor;
- (g) Distribution of electrical services, plumbing services and sprinklers from the core to the Premises, and domestic hot water heater and associated hot water piping;
- (h) Any and all signs for Tenant and the power therefor;
- (i) Security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers;
- (j) Additional and/or above standard electrical capacity; and
- (k) Fiber optic access.

ADDENDUM C
to
Work Letter
BUDGET FORM

[Signature Page Follows]

COMMERCE CONSTRUCTION CO., L.P.

DPSS TI
GARDEN BUILDING - 1st FLOOR EAST
12900 CROSSROADS PARKWAY SOUTH, CITY OF INDUSTRY, CA

Date: 18-Jan-07
Est. No: CA08-001
Estimator: TL

TENANT REQUESTED UPGRADES

1. NEW OFFICE SPACE

Provide for approximately 8,887 RSF of New Office Space as indicated on DPSS Administrative Headquarters Office Drawing, prepared by Efrain Escalante with the County of LA Chief Executive Office, Real Estate Division, Facilities Design, dated 11/05/07.

\$
\$370,890

TOTAL \$370,890

QUALIFICATIONS:

1. All work at regular hours. All work areas to be done concurrently.
2. Estimate is based on today's prices and is valid for 30 days
3. General conditions, building department plan check & permit fees, engineering and contractor fees are included in the New Office Space construction costs.
4. All finishes and fixtures are based on Commerce Construction Company, LP "Standard" TI specifications unless noted otherwise.
5. Construction costs include all demolition of existing ceilings, partition walls, plumbing, flooring, etc... required for a complete job.
6. Sawcut floor and R&R concrete for plumbing trench to connect the waste line for new Coffee Alcove to existing waste line within the Office Space.
7. Furnish and install approximately 30 lf of plastic laminate base and upper cabinets with p-lam countertop with 4" integral back splash and 90-degree rolled edge. All cabinets to include 3-1/2" brushed chrome wire pulls, white melamine interior, drilled sides with pins for adjustable shelves
8. Furnish and install R-11 sound insulation in all new partition walls and above ceiling at Intervall Areas per Construction Notes on LA County drawing.
9. Repair all existing interior Office and Corridor doors as required. All existing wood doors to be refinished to match existing. Furnish and install new finish hardware at existing double doors at East Entry for security.
10. Furnish and install 2 x 2 x 2 Armstrong "Cortega" lay-in acoustical ceiling system throughout the entire Office Area.
11. Construct approximately 157 lf of panel high partition walls at Work Station Areas (64" high constructed of 10-3/4" steel stud with 5/8" drywall each side and finished drywall top with steel stiffeners), approximately 30 lf of panel high partition walls at Work Station Areas along the Northwest Office wall (64" high constructed of 3-5/8" steel stud with 5/8" drywall single side and finished drywall top), approximately 32 lf of partition wall (3-5/8" steel stud with 5/8" drywall each side to the underside of acoustical ceiling) and approximately 5 lf of partition wall (3-5/8" steel stud with 5/8" drywall each side to the underside of Second Floor Deck as required for fire rating at existing Corridor).
12. Per telephone conversation with Efrain Escalante on Thurs. 01/17/08 Furnish and install carpet tile with an allowance of \$30.00 sy (Mannington or approved equal) color to be determined by DPSS. Furnish and install 4" rubber base material has been estimated throughout the Work Station and interior Office areas. Furnish and install VCT Flooring with 4" rubber base for the File Room, Copier Room and Coffee Alcove.
13. Revise the Fire Sprinkler locations as required throughout the Office Area for a complete system.
14. Cut-In Sink and waste line at Coffee Alcove (including sink, faucet, disposal and insta-hot unit).
15. HVAC is designed using existing heat pump roof top units and has been estimated as an allowance; Additional information is required from DPSS regarding specific heat loads.
16. Electrical and lighting has been estimated as an allowance; Additional information is required from DPSS regarding their electrical loads in order to calculate the impact on the existing building electrical system.

EXCLUSIONS:

Development or governmental fees, utility company fees, builder's risk insurance, impact fees moving existing electrical or mechanical items (e.g. fire sprinklers), fire alarm system, gas, window coverings, further upgrades to existing Electrical, HVAC, Fire Sprinklers, Plumbing, Fire Alarm Monitoring System, etc.... not associated with the current scope of work, keys, locks, thresholds, signage and security system.

COMMERCE CONSTRUCTION CO., L.P.

COST SUMMARY

Project: DPSS TI 8,887 RSF
 GARDEN BUILDING - 1st FLOOR EAST
 12800 CROSSROADS PARKWAY SOUTH, CITY OF INDUSTRY, CA

Est. CA08-001 18-Jan-07

Est.	Description	Quantity	Unit	Price	Total
0100	GENERAL CONDITIONS				
0140	PLAN CHECK & PERMIT			\$ 28,800	
0222	DEMOLITION			\$ 8,417	
0300	CONCRETE			\$ 23,712	
0510	STRUCTURAL STEEL & MISC. IRON			\$ 1,000	
0620	CASEWORK & MILLWORK			\$ 3,000	
0720	INSULATION WORK			\$ 11,850	
0805	DOORS, FRAMES & HARDWARE INSTALLED			\$ 1,500	
0815	ACOUSTICAL CEILING SYSTEM			\$ 1,775	
0925	DRYWALL			\$ 26,861	
0960	FLOOR COVERING			\$ 16,374	
0991	PAINTING			\$ 31,577	
1390	FIRE SPRINKLERS			\$ 10,559	
1540	PLUMBING			\$ 6,600	
1570	HVAC (ALLOWANCE)			\$ 6,975	
1600	ELECTRICAL (ALLOWANCE)			\$ 49,800	
5100	A&E			\$ 83,000	
				5.00%	\$ 15,895
					\$ 1,84
					\$/sf
					\$ 1
					\$/sf
					\$ 6
					\$/sf
					\$ 9
					\$/sf

Liability Insurance	0.92%	0.01012	3,378
Contractor's Fee	10.00%		\$ 33,717
Total Construction Cost			\$ 1,000,000.00

CONSTRUCTION NOTES

- ① - PROVIDE ONE 20 AMP CIRCUIT FOR EVERY (TWO) WORKSTATIONS TYP.
- ② - PROVIDE NEW AIR SUPPLY AIR RETURN AT NEW ENCLOSED NEW ROOMS
- ③ - PROVIDE NEW CONDUIT FOR TELECOMMUNICATION CABLING BASE FEED CONNECTION TO FURNITURE SEE FLOOR PLANS FOR LOCATIONS
- ④ - PROVIDE NEW CONDUIT AT ALL LOCATIONS OF ELECTRICAL BASE FEED FOR SYSTEM FURNITURE (COORDINATE WITH FURNITURE PLANS)
- ⑤ - PROVIDE ELECTRICAL BASE FEED FOR SYSTEM FURNITURE, ELECTRICAL WEEPS SHALL BE PROVIDED BY FURNITURE VENDOR
ELECTRICAL CONTRACTOR SHALL BE RESPONSIBLE FOR THE TERMINATION AND CUTTING TO SIZE ALL FURNITURE WEEP CONNECTION.
- ⑥ - PROVIDE ELECTRICAL SERVICES AT ENCLOSED OFFICES, MIN. TWO DUPLEX OUTLETS LOCATED AT CENTERLINE OF DESK BRIDGE. TYP.
(ONE) OUTLET TO BE A DEDICATED CIRCUIT FOR COMPUTER (ORANGE OUTLET)
(TWO) OUTLET TO BE FOR A COMMON USE, MAX. (4) OUTLETS PER CIRCUIT
(ONE) OUTLET FOR CONVENIENT USE, MAX. (6) OUTLETS PER CIRCUIT
- ⑦ - ALL INTERIOR WALL SHALL BE INSULATED, PROVIDE MIN. INSUL. ST RATING AS PER OUTLINE SPECIFICATIONS (NEW WALLS ONLY)
- ⑧ - PROVIDE CEILING INSULATION AT ALL INTERVIEW ROOMS
(NEW WALL ONLY)

POWER AND DATA NOTES

- ① - PROVIDE ONE DEDICATED CIRCUIT FOR EVERY TWO NETWORK PRINTERS
- ② - PROVIDE TWO VOICE / TWO DATA OULET FOR EACH OFFICE AND WORKSTATION TYP.
- ③ - PROVIDE ONE DEDICATED OUTLET, ONE CONVENIENT OUTLET, AND TWO COMMON OUTLETS FOR EACH OFFICE AND WORKSTATION TYP.
- ④ - CONNECT MONUMENT WITH 1 1/4" C.O.; RUN 1 1/4" C.O. FROM THE ADAPTER TO NEAREST COLUMN OR WALL AND STUB 6" ABOVE ACCESSIBLE CEILING (TYP)
- ⑤ - EACH WORKSTATION CONSISTS OF A COMPUTER, UNLESS OTHERWISE NOTED.
ELECTRICAL ENGINEER SHALL VERIFY THE ELECTRICAL LOADS AND POWER DISTRIBUTION AGAINST THE EQUIPMENT POWER REQUIREMENT TABLE AND SHALL COORDINATE WITH THE MODULAR FURNITURE VENDOR FOR WIRING AVAILABILITY, SCHEME AND INTERFACE (TYPICAL).

IN WITNESS WHEREOF this Lease has been executed the day and year first written above.

LANDLORD:

RR&C/WD GENERAL PARTNERSHIP,
a California general partnership

BY: RR&C DEVELOPMENT COMPANY,
a California general partnership
Its: General Partner

By:



Edward P. Roski, Jr., Trustee of the Roski
Community Property Trust dated November
1, 1987, as amended

Its: General Partner



By: Curci Investments, LLC,
a California limited liability company
Its: General Partner



By:

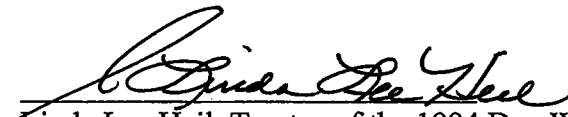


John L. Curci

Its: General Manager

By: WD ASSOCIATES,
a California general partnership
Its: General Partner

By:



Linda Lee Heil, Trustee of the 1994 Dan W.
Heil and Linda Lee Heil Revocable Trust
dated September 13, 1994

Its: Managing General Partner

TENANT:

COUNTY OF LOS ANGELES,
a body politic and corporate

By: *Gloria B. Bente*
Its: Chair, Board of Supervisors

ATTEST:

SACHI A. HAMAI, Executive Officer-Clerk
of the Board of Supervisors

By: *Sachi A. Hamai*
Its: Deputy



I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By: *Sachi A. Hamai*
Deputy

Approved As To Form:

RAYMOND G. FORTNER JR.,
County Counsel

By: *Amy Caves*
Its: Amy Caves, Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

10

JUN 10 2008

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

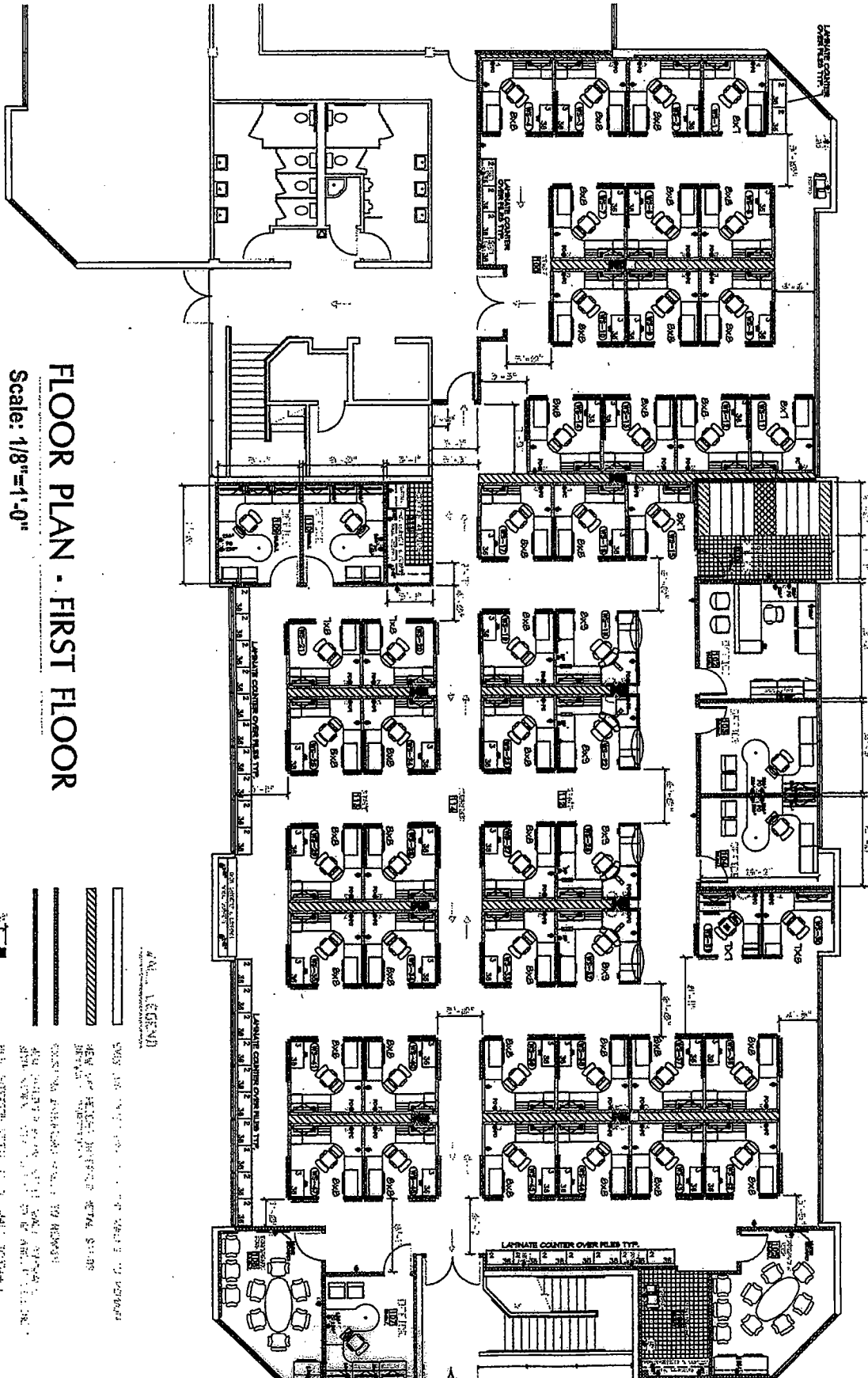
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INDEX OF TERMS

Actual Operating Expenses	24	Final Plans	28
Additional Tenant Improvement Allowance	25	Force Majeure Delay	33
Amortization Rate for Additional Tenant Improvement Allowance	25	Furniture Allowance	25
Architect	27	Hazardous Materials	15
Asbestos Report.....	3	HVAC	8
Award	13	Indemnatee	15
Base Index	21	Indemnitor	15
Base Rent.....	2	Index	21
Base Tenant Improvement Allowance	25	Landlord Default.....	11
Board of Supervisors	4	Normal Working Hours	3
Building	1	Operating Expenses	22
Building Components	22	Operating Expenses Rent.....	6
Change Order.....	31	Plan Submission Date	27
Chief Executive Officer.....	19	Preliminary Budget.....	28
Commencement Date	2	Premises.....	1
Common Areas	5	Projected Acceptance Date	2
Condemnation.....	12	Property	1
Condemnor	12	Proportionate Share	22
Construction Contract.....	27	Rent.....	2
Contractor	27	Space Plan.....	27
County	6	Substantial Completion.....	5
Date of Taking	12	Tenant Delay.....	33
Default	10	Tenant Improvements	29
Determination Date.....	12	Tenant Improvements Costs	29
Early Termination Notice Date.....	2	Tenant's Acceptance of the Premises	5
Engineering Drawings	28	Tenant's Total Expense.....	34
Environmental Laws.....	15	Term.....	5
Final Budget	28	Termination Date	2
		Working Drawings	27

EXHIBIT A

FLOOR PLAN OF PREMISES



FLOOR PLAN - FIRST FLOOR
Scale: 1/8"=1'-0"

LEGEND

EXISTING WALLS
NEW WALLS
DOOR SWINGS
STAIRS
ELEVATOR
REAR PORCH
FRONT PORCH
GARAGE
PARKING LOT
LANDSCAPE
TREES
FENCES
UTILITY

EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

The land referred to herein is situated in the State of California, County of Los Angeles, described as follows:

PARCEL 1:

PARCEL 4, IN THE CITY OF INDUSTRY, AS SHOWN ON PARCEL MAP NO. 225, FILED IN BOOK 175 PAGES 89 AND 90 OF PARCEL MAPS. EXCEPT THEREFROM THE "PRECIOUS METALS AND ORES THEREOF", AS EXCEPTED FROM THE PARTITION BETWEEN JOHN ROWLAND, SR., AND WILLIAM WORKMAN IN THE PARTITION DEED RECORDED IN BOOK 10 PAGE 39 OF DEEDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

AN EASEMENT FOR INGRESS & EGRESS OVER THE EAST 15.00 FEET OF PARCEL 3 OF PARCEL MAP NO. 225 IN THE CITY OF INDUSTRY, AS PER MAP FILED IN BOOK 175, PAGES 89 AND 90, OF PARCEL MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; AS CREATED IN EASEMENT GRANT DEED RECORDED JANUARY 9, 1992 AS INSTRUMENT NO. 92-46146, OFFICIAL RECORDS.

EXHIBIT C

**COMMENCEMENT DATE MEMORANDUM
AND CONFIRMATION OF LEASE TERMS**

Reference is made to that certain lease ("Lease") dated _____, 2008, between COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant"), and RR&C/WD GENERAL PARTNERSHIP, a California partnership ("Landlord"), whereby Landlord leased to Tenant, and Tenant leased from Landlord, certain premises in the building located at 12900 Crossroads Parkway, City of Industry, California ("Premises"),

Landlord and Tenant hereby acknowledge as follows:

- (1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on _____ ("Possession Date");
- (2) Tenant has accepted possession of the Premises and now occupies the same;
- (3) The Lease commenced on _____ ("Commencement Date");
- (4) The Premises contain _____ rentable square feet of space; and
- (5) Base Rent per month is \$ _____.

[signatures on next page]

IN WITNESS WHEREOF, this Memorandum is executed this ____day of _____, 2008.

LANDLORD:

RR&C/WD GENERAL PARTNERSHIP,
a California general partnership

BY: RR&C DEVELOPMENT COMPANY,
a California general partnership

Its: General Partner

By: _____

Edward P. Roski, Jr., Trustee of the Roski
Community Property Trust dated November
1, 1987, as amended

Its: General Partner

By: Curci Investments, LLC,
a California limited liability company

Its: General Partner

By: _____

John L. Curci

Its: General Manager

By: WD ASSOCIATES,
a California general partnership

Its: General Partner

By: _____

Linda Lee Heil, Trustee of the 1994 Dan W.
Heil and Linda Lee Heil Revocable Trust
dated September 13, 1994

Its: Managing General Partner

TENANT:

COUNTY OF LOS ANGELES,
a body politic and corporate

By: _____

Its: Chairman, Board of Supervisors

EXHIBIT D

HVAC STANDARDS

Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.

EXHIBIT E

CLEANING AND MAINTENANCE SCHEDULE

1. DAILY (Monday through Friday)
 - A. Carpets vacuumed.
 - B. Composition floors dust-mopped.
 - C. Desks, desk accessories and office furniture dusted: papers and folders left on desk shall not be moved.
 - D. Waste baskets, other trash receptacles emptied.
 - E. Chairs and waste baskets returned to proper position.
 - F. Fingerprints removed from glass doors and partitions.
 - G. Drinking fountains cleaned, sanitized and polished.
 - H. Lavatories, toilets and toilet rooms cleaned and mopped; and toilet supplies replenished.
 - I. Bulb and tube replacements, as required.
 - J. Graffiti expunged as needed within two (2) working days after notice by Tenant.
 - K. Floors mopped.
 - L. Kitchen/Lunchroom supplies replenished including paper supplies and soap.
 - M. Exclusive day porter service from 8 a.m. to 5 p.m. (if provided by contract).
2. WEEKLY
 - A. Low-reach areas, chair rungs, baseboards and insides of door jambs dusted.
 - B. Window sills, ledges and wood paneling and molding dusted.
3. MONTHLY
 - A. High-reach areas, door frames and tops of partitions dusted.
 - B. Upholstered furniture vacuumed, plastic and leather furniture wiped.
 - C. Picture moldings and frames dusted.
 - D. Carpet professionally spot cleaned as required to remove stains.
 - E. HVAC chiller water checked for bacteria, water conditioned as necessary.
4. QUARTERLY
 - A. Floors washed and waxed in uncarpeted office area.
 - B. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
 - C. Wood furniture dusted, as requested at extra monthly charge of \$3,950.
 - D. HVAC units serviced for preventative maintenance purposes, all filters changed.
5. SEMI-ANNUALLY
 - A. Windows washed as required inside and outside but not less frequently than twice annually.
 - B. Mini-blinds cleaned at extra charge per cleaning of \$1,000.
 - C. All painted wall and door surfaces washed and stains removed.
 - D. All walls treated with vinyl covering washed and stains removed.
6. ANNUALLY

- A. Furniture Systems and any other fabric or upholstered surfaces including chairs, couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's sole discretion, professionally cleaned in their entirety using a water extraction system.
- B. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.
- C. Touch-up paint all interior painted surfaces in a color and finish to match existing at extra charge, based on scope of work requested.
- D. Wall vents and ceiling vents vacuumed, as requested at extra charge of \$2,500.00

7. AS NEEDED

- A. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.
- B. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.
- C. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning: (i) heavy traffic areas as needed with a minimum frequency of bi-monthly [six (6) times per year]; (ii) moderate traffic areas cleaned as needed with a minimum of once every six (6) months [two (2) times per year]; and (iii) clean light traffic areas a minimum of once per year. Landlord agrees that bonnet cleaning is not an acceptable method of cleaning carpets.
- D. All walls repainted and wall coverings replaced throughout the Premises at extra charge, based on scope of work requested. The paint finish should be eggshell or semi-gloss as directed by Tenant and in a color acceptable to Tenant. In no event will Landlord be required to repaint or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence"). The initial Tenant Improvements completed prior to Tenant's occupancy or as a condition to the renewal of the Lease shall not constitute an Occurrence for the purpose of determining the frequency of this work.

8. GENERAL

Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.

EXHIBIT F

LANDLORD'S WAIVER AND AGREEMENT

WHEREAS, _____ (hereinafter "**Landlord**") is the landlord and _____ (hereinafter "**Tenant**") is the tenant in a lease, dated _____ (hereinafter "**Lease**") covering a portion or all of the real property located at _____ (hereinafter "**Premises**"); and

WHEREAS, _____ (hereinafter "**Lender**") has made or will make a certain loan or will sell subject to and be secured by a security interest in Tenant's personal property or equipment described on Exhibit "A" attached hereto (hereinafter "**Personal Property**") which is now or about to be located on the Premises.

NOW, THEREFORE, so long as the aforementioned Lease exists on the Premises and the loan secured by Lender's security interest in the Personal Property remains outstanding and in consideration of the mutual covenants and agreements herein contained, Landlord, Tenant and Lender hereby covenant and agree as follows:

1. Except as limited in this waiver and agreement, Landlord waives its interest in the Personal Property and agrees that the Personal Property shall not become part of the Premises regardless of the manner in which the Personal Property may be attached or affixed to the Premises provided that the Premises is not materially damaged or altered thereby. This waiver and agreement shall be effective only to the extent of the principal indebtedness owed to the Lender. To the extent such principal indebtedness is less than the fair market value of the Personal Property, this waiver and agreement shall be void and ineffective and Landlord's lien or other interest in or to the Personal Property shall control with respect to such excess. Furthermore, full payment of the principal indebtedness shall terminate this waiver and agreement, and this waiver and agreement is not subject to renewal or modification without a written agreement of the parties hereto.

2. Landlord agrees it will not prevent Lender or its designee from entering upon the Premises at all reasonable times (following advance written notice to Landlord of at least twenty-four (24) hours prior to such intended entry) to inspect or remove the Personal Property. Lender agrees to promptly and fully repair any damage to the Premises resulting from either the installation or removal of the Personal Property or Lender's acts or omissions. Landlord shall accompany Lender in a walk-through of the Premises and shall identify to Lender the Personal Property. Upon written notification from Landlord ("**Landlord's Notice**"), Lender agrees to cause the Personal Property to be removed from the Premises and any resulting damage to the Premises to be promptly repaired. Lender further agrees to pre-pay Landlord "rental" for the Premises during the period from the date of Landlord's Notice until the date the Personal Property is removed from the Premises ("**Disposition Period**"). The "rental" rate for the Premises shall include without limiting to the Base Rent (at the holdover rate set forth in the Lease, prorated on a per diem basis determined on a thirty (30) day month), Additional Rent, Real Property Taxes, Utilities, Insurance Premiums and Common Area/Maintenance/Landscape Fee. Within ten (10) days of receipt of Landlord's Notice, Agent shall deliver notice to Landlord ("**Agent's Notice**") setting forth the date the Personal Property will be removed (not to exceed

fifteen (15) days from Landlord's Notice) and the rental owed during such Disposition Period. During such Disposition Period, Lender shall carry such insurance as required of Tenant pursuant to the Lease, for the benefit of Landlord. Landlord shall have the right, at any time and without notice, to inspect the Premises, show the Premises to prospective tenants and to construct improvements within the Premises. If the Personal Property has not been removed within fifteen (15) days after Landlord's Notice to Lender, then the Personal Property shall be deemed abandoned and Landlord may remove and store and/or sell the same pursuant to applicable law (including California Civil Code Sections 1980-1991 and its successors) and repair any resulting damage to the Premises at Lender's expense (which shall be reimbursed by Tenant to Lender) wholly without any Landlord liability to Lender or Tenant. Any notices provided by Landlord to Tenant and/or Lender pursuant to this Paragraph 2 shall be in lieu of, and not in addition to, any notices required under California Civil Code Sections 1980-1991 or any similar or successor laws. Lender hereby covenants not to advertise nor conduct any public auctions or sales at the Premises.

3. In no event shall Lender cause to be recorded any financing statements, Uniform Commercial Code filings or their equivalents in connection with this waiver and agreement which affect or otherwise impair title to Landlord's fixtures, personal property or Premises.

4. All requests, notices or service provided for or permitted to be given or made pursuant to this waiver and agreement shall be deemed to have been properly given or made by depositing the same in the United States Mail, postage prepaid and registered or certified return receipt requested or by reputable overnight courier and addressed to the addresses set forth below, or to such other addresses as may from time to time be specified in writing by either party to the other:

If to Landlord:

If to Lender:

5. Lender hereby agrees to indemnify, protect, defend and hold Landlord harmless from and against any and all losses, costs, damages, expenses and liabilities (including, without limitation, court costs and reasonable attorneys' fees) arising out of Lender's exercise of its rights under this waiver and agreement, breach of its obligation (including any failure by Lender to repair any damage to the Premises) pursuant to this waiver and agreement, and/or

Lender's acts or omissions in its entry upon the Premises and/or removal of the Personal Property therefrom.

6. This waiver and agreement is binding upon and inures to the benefit of the heirs, successors and assigns of the parties hereto and shall become effective on the date it is fully executed and acknowledged by Landlord, Tenant and Lender and Landlord has been served with a fully executed and acknowledged copy.

7. This waiver and agreement shall be governed by the laws of the State of California.

8. The parties represent and warrant that they have the requisite authority to bind the entity on whose behalf they are signing.

9. This waiver and agreement may be executed in any number of original counterparts. Any such counterpart, when executed, shall constitute an original of this waiver and agreement, and all such counterparts together shall constitute one and the same waiver and agreement.

10. Upon Tenant's execution and delivery of this waiver and agreement, Tenant shall pay Landlord the sum of _____ (\$_____) representing Landlord's costs and reasonable attorneys' fees incurred by Landlord in connection with the preparation of this Agreement.

[Signatures on next page.]

IN WITNESS WHEREOF, Lender, Landlord and Tenant have caused their duly authorized representatives to execute this waiver and agreement on the day and year set forth below.

Executed on _____, 2008

"LENDER"

_____,
a _____

By: _____
Its: _____

By: _____
Its: _____

Executed on _____, 2008

"LANDLORD"

_____,
a _____

By: _____
Its: _____

By: _____
Its: _____

Executed on _____, 2008

"TENANT"

_____,
a _____

By: _____
Its: _____

By: _____
Its: _____

EXHIBIT "A"

PERSONAL PROPERTY

[PLEASE ATTACH]

SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

Space above for Recorder's Use

**NOTICE: THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMEN
AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE BECOMING SUBJECT TO
AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER
SECURITY INSTRUMENT.**

Factual Background

D. Tenant is willing to agree to subordinate certain of Tenant's rights under the Lease to the lien of the Deed of Trust and to attorn to Lender on the terms and conditions of this Agreement. Tenant is willing to agree to such subordination and attornment and other conditions, provided that Lender agrees to a nondisturbance provision, all as set forth more fully below.

Agreement

Therefore, the parties agree as follows:

1. Subordination. The lien of the Deed of Trust and all amendments, modifications and extensions thereto shall be and remain at all times a lien on the Property prior and superior to the Lease, except that if Tenant is granted any option to extend the Term of the Lease, right of first offer to lease additional premises or option to purchase the Property or right of first offer to purchase the Property in the Lease, such provisions shall not be affected or diminished by any such subordination..

2. Definitions of "Transfer of the Property" and "Purchaser". As used herein, the term "Transfer of the Property" means any transfer of Borrower's interest in the Property by foreclosure, trustee's sale or other action or proceeding for the enforcement of the Deed of Trust or by deed in lieu thereof. The term "Purchaser", as used herein, means any transferee, including Lender, of the interest of Borrower as a result of any such Transfer of the Property and also includes any and all successors and assigns, including Lender, of such transferee.

3. Nondisturbance. The enforcement of the Deed of Trust shall not terminate the Lease or disturb Tenant in the possession and use of the leasehold estate created thereby.

4. Attornment. Subject to Section 3 above, if any Transfer of the Property should occur, Tenant shall and hereby does attorn to Purchaser, including Lender if it should be the Purchaser, as the landlord under the Lease, and Tenant shall be bound to Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the Lease term and any extensions or renewals of it which may then or later be in effect under any validly exercised extension or renewal option contained in the Lease, all with the same force and effect as if Purchaser had been the original landlord under the Lease. This attornment shall be effective and self-operative without the execution of any further instruments upon Purchaser's succeeding to the interest of the landlord under the Lease.

5. Lender Not Obligated. Lender, if it becomes the Purchaser or if it takes possession under the Deed of Trust, and any other Purchaser shall not (a) be liable for any damages or other relief attributable to any act or omission of any prior Landlord under the Lease including Borrower; or (b) be subject to any offset or defense not specifically provided for in the Lease which Tenant may have against any prior landlord under the Lease; or (c) be bound by any prepayment by Tenant of more than one month's installment of rent; or (d) be obligated for any security deposit not actually delivered to Purchaser; or (e) be bound by any modification or amendment of or to the Lease unless the amendment or modification shall have been approved in writing by the Lender.

6. Notices. All notices given under this Agreement shall be in writing and shall be given by personal delivery, overnight receipted courier or by registered or certified United States mail, postage prepaid, sent to the party at its address appearing below. Notices shall be effective upon receipt (or on the date when proper delivery is refused). Addresses for notices may be changed by any party by notice to all other parties in accordance with this Section.

To Lender: _____

To Borrower: _____

To Tenant: County of Los Angeles
Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

7. Miscellaneous Provisions. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This Agreement is governed by the laws of the State of California without regard to the choice of law rules of that State.

[signatures on next page]

TENANT: COUNTY OF LOS ANGELES,
a body politic and corporate

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

BORROWER: *[Insert name of Landlord]*

By: _____
Name: _____
Title: _____

LENDER: *[Insert name of Lender],*

By: _____
Name: _____
Title: _____

DOCUMENT II

TENANT ESTOPPEL CERTIFICATE

To: [Insert name of party to rely on document]

Attn: _____

Re: Date of Certificate: _____
 Lease Dated: _____
 Current Landlord: _____
 Located at: _____
 Premises: _____
 Commencement Date of Term: _____
 Expiration Date: _____
 Current Rent: _____

County of Los Angeles ("Tenant") hereby certifies that as of the date hereof:

1. Tenant is the present owner and holder of the tenant's interest under the lease described above, as it may be amended to date (the "Lease"). The Lease covers the premises described above (the "Premises") in the building (the "Building") at the address set forth above.

2. (a) A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, addenda and riders of and to it) is attached to this Certificate as Exhibit A.

 (b) The current Rent is set forth above.

 (c) The term of the Lease commenced on the Commencement Date set forth above and will expire on the Expiration Date set forth above, including any presently exercised option or renewal term. Tenant has no option or right to renew, extend or cancel the Lease, or to lease additional space in the Premises or Building, or to use any parking other than that specified in the Lease.

 (d) Except as specified in the Lease, Tenant has no option or preferential right to purchase all or any part of the Premises (or the land of which the Premises are a part).

 (e) Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession except as expressly set forth in the Lease.

3. (a) The Lease constitutes the entire agreement between Tenant and Landlord with respect to the Premises, has not been modified changed, altered or amended and is in full force and effect. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.

[(b) To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.]

(b) The interest of Tenant in the Lease has not been assigned or encumbered. Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease except as set forth in the Lease. No rental payments have been made more than one month in advance.

4. All contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full and all of Landlord's obligations with respect to tenant improvements have been fully performed.

IN WITNESS WHEREOF, the Tenant has executed this Tenant Estoppel Certificate as of the day set forth above.

COUNTY OF LOS ANGELES

By: _____

Name: _____

Title: _____

DOCUMENT III

COMMUNITY BUSINESS ENTERPRISES FORM

INSTRUCTIONS: All Landlords shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of MBE/WBE participation. The information requested below is for statistical purposes only. On final analysis and consideration of lease will be selected without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5.

I. MINORITY/WOMEN PARTICIPATION IN FIRM (Partners, Associates
Partners, Managers, Staff, etc.)

FIRM: NAME

ADDRESS

CONTACT

TELEPHONE NO.

TOTAL NUMBER OF EMPLOYEES IN FIRM: _____

	OWNERS/PARTNERS ASSOCIATE PARTNERS	MANAGERS	STAFF
Black/African American	_____	_____	_____
Hispanic/Latin America	_____	_____	_____
Asian American	_____	_____	_____
Portuguese American	_____	_____	_____
American Indian/ Alaskan Native	_____	_____	_____
All Others	_____	_____	_____
Women (Should be included in counts above <u>and</u> also reported here separately)	_____	_____	_____

II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

TYPE OF BUSINESS STRUCTURE: _____

_____ (Corporation, Partnership, Sole Proprietorship, etc.)

TOTAL NUMBER OF OWNERSHIP/PARTNERS, ETC.: _____

PERCENTAGE OF OWNERSHIP

Black/African American	_____
Hispanic/Latin American	_____
Asian American	_____
Portuguese American	_____
American Indian/ Alaskan Native	_____
All Others	_____
Women	_____

(Should be included in counts
above and also reported
here separately)

III. CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM

IS YOUR FIRM CURRENTLY CERTIFIED AS A MINORITY OWNED BUSINESS
FIRM BY THE:

State of California?	Yes	No
City of Los Angeles?	Yes	No
Federal Government?	Yes	No

IV. FIRM'S DESIRE NOT TO RESPOND TO INFORMATION

WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS
FORM.

Firm Name:

Signed: _____

Date: ____, 2008



DOCUMENT IV

MEMORANDUM OF LEASE

**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:**

County of Los Angeles
Chief Executive Office
Real Estate Division
222 South Hill Street
3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

This document is recorded for the benefit of the County of Los Angeles and recording is exempt from recording fees pursuant to California Government Code Section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code Section 11922.

MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is made and entered into by and between RR&C/WD GENERAL PARTNERSHIP, a California partnership (the "Landlord"), and the COUNTY OF LOS ANGELES, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Tenant") who agree as follows:

Landlord and Tenant hereby enter a Lease of certain property (the "Lease") in the County of Los Angeles, State of California, described in Exhibit A attached hereto and incorporated herein by reference, for a term commencing on _____, 2008, and ending on a date ten (10) years after the commencement date, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in a certain unrecorded Lease between Landlord and Tenant dated _____, 2008.

This Memorandum has been prepared for the purpose of giving notice of the Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Lease, the terms of which remain in full force and effect.

Dated: _____, 2008

LANDLORD:

RR&C/WD GENERAL PARTNERSHIP,
a California general partnership

BY: RR&C DEVELOPMENT COMPANY,
a California general partnership

Its: General Partner

By: _____

Edward P. Roski, Jr., Trustee of the
Roski Community Property Trust dated
November 1, 1987, as amended

Its: General Partner

By: _____

Curci Investments, LLC,
a California limited liability company

Its: General Partner

By: _____

John L. Curci

Its: General Manager

By: WD ASSOCIATES,
a California general partnership

Its: General Partner

By: _____

Linda Lee Heil, Trustee of the 1994 Dan
W. Heil and Linda Lee Heil Revocable
Trust dated September 13, 1994

Its: Managing General Partner

TENANT:

COUNTY OF LOS ANGELES,
a body politic and corporate

By: _____

Its: Chairman, Board of Supervisors

ATTEST:

SACHI A. HAMAI, Executive Officer-Clerk
of the Board of Supervisors

By: _____

Its: Deputy

Approved As To Form:

RAYMOND G. FORTNER JR.,
County Counsel

By: _____

Its: Amy Caves, Deputy

DOCUMENT V

REQUEST FOR NOTICE

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

County of Los Angeles
Chief Executive Office
Real Estate Division
222 South Hill Street
3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

REQUEST FOR NOTICE

(UNDER SECTION 2924B CIVIL CODE)

In accordance with Section 2924b, Civil Code, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust described below:

Date of Recording of Deed of Trust

Instrument Number of Deed of Trust

Trustor

Trustee

Beneficiary

be mailed to County of Los Angeles, Chief Executive Office, Real Estate Division, 222 South Hill Street, 3rd Floor, Los Angeles, California 90012, Attention: Director of Real Estate.

"LENDER:

_____,
a _____

By: _____
Signer's Name

Its: Signer's Title

(ALL SIGNATURES MUST BE ACKNOWLEDGED)